# Consolidated Gold Fields Limited

87th ANNUAL REPORT

1974

# Consolidated Gold Fields Limited

Incorporated in the United Kingdom

## Notice of Annual General Meeting

The Annual General Meeting of Consolidated Gold Fields Limited will be held at The Chartered Insurance Institute 20 Aldermanbury London EC2, on Tuesday, 19 November 1974 at 11.30 am, for the transaction of the following business:

1 To receive and consider the audited accounts for the year ended 30 June 1974, together with the report of the Directors, and to declare a final dividend of 3.4085p per share on the Ordinary shares.

2 To re-elect the following Directors:
(*a*) R W Amey
(*b*) Major-General J H S Bowring
(*c*) The Rt Hon the Viscount Caldecote
(*d*) The Rt Hon the Lord Denman

3 To authorise the Directors to fix the remuneration of the Auditors.

4 To consider and, if thought fit, to pass the following Resolution which will be proposed as a Special Resolution:

That with effect from 1 January 1975, Article 80 of the Articles of Association of the Company be amended by deleting the first sentence thereof and substituting the following sentence therefor:

'The Directors shall each be paid out of the funds of the Company as remuneration for their services at the rate of £3,000 per annum or at such other rate per annum as the Company may by Ordinary Resolution determine.'

By Order of the Board
J R Stewardson
Secretary
25 October 1974

Notes

Only members holding fully paid Ordinary shares, or their duly appointed representatives, are entitled to attend and vote at the meeting. A member so entitled may appoint a proxy, who need not be a member, to attend and vote on his behalf. A form of proxy is enclosed.

Holders of share warrants to bearer who wish to be present or represented at the meeting may obtain the necessary information regarding the formalities to be complied with from the registered office of the Company.

The register of Directors' interests, together with copies of contracts of service between the Directors and the Company or any of its subsidiaries, will be available for inspection at the registered office of the Company during normal business hours until the date of the Annual General Meeting and on that day at the place of the meeting from 11.15 am until its conclusion.

# Annual Report 1974

**Contents** | **Page**

# Birth of a Mine

### The search

Mining finance houses employ large staffs and allocate sizeable budgets in their continuous search for new mines.

Projects usually start as outline ideas – reviewing the potential of some abandoned mining field, exploring a completely new area or investigating a specific property offered by a mineral owner. The majority of these projects get no further than studies within the office. A few, however, become part of the current exploration programme. For these the company will endeavour to negotiate prospecting rights on payment of a rental, and will seek option arrangements securing mining rights.

Further work may involve geological mapping on site and geochemical and geophysical test work. Only a proportion of the projects will justify the much higher expenditure on drilling, trenching or sinking small exploration shafts. In the course of these activities numerous rock samples will be collected for analysis, from which a picture emerges of the extent and nature of the mineralised deposit. Less than one in a hundred of the ideas originally brought forward for study reach the stage where drilling and other exploration work show the possibility of an economic mining proposition.

### The feasibility study

As exploration proceeds, geologists, mining engineers and metallurgists will produce tentative evaluations. The possible size and value of the ore body will be estimated and weighed against the likely capital and working costs involved in extracting the mineral.

If these initial studies are promising, further technical evaluations will be made including metallurgical test work and the examination of mining methods. It will be necessary to carry out detailed economic studies. All aspects relating to the minerals concerned will have to be taken into account, including availability of markets; price forecasts; possibility of forward sales contracts; and changes in demand resulting from substitution of the materials. In addition the study must cover availability of labour; future rates of inflation; and possible movements in exchange rates. Further negotiations will be initiated with the owners of the land and the mineral rights, which may be the government, concerning terms to work the deposit. Agreement will have to be reached with government regarding planning permission, protection of the environment and licences to export minerals. It may also be necessary to negotiate consents for building roads, railways and possibly seaports and townships to serve the mine.

A full-scale feasibility study will subsequently be made, embracing all technical aspects of bringing the mine to production. Economic and financial considerations, together with other factors which may affect profitability, must all be taken into account. These include tax, planning legislation and political risks. Having completed this study, a decision will be made whether or not to proceed with the development of a mine.

### Forming a mining company

Until this decision has been reached all expenses will normally have been borne by the mining finance house. Whilst small mines may continue to be financed in this way, with larger mines it is usual to form an independent company and, when the elements of risk have been reduced as far as possible, to offer the public a participation.

### The mine's development

Following the decision to go ahead with a mine, firm proposals based on previous tentative planning can be worked out in detail. Equipment will be purchased and shaft sinking commenced, leading to the opening up of the mine underground and the development of ore reserves. Detailed designs will be prepared for the treatment plant, housing estates, roads and railways and contracts for their construction will be placed.

Attaining initial production is a gradual process. Each section of the plant will be tested on completion and when all are functioning satisfactorily production will commence.

With a large underground mine, some ten years may have elapsed between the initial investigation of the mining area and the start of production.

# Directors

| | |
|---|---|
| J D McCall* | **Chairman** |
| G J Mortimer* MBE<br>M E Rich* | **Deputy Chairmen** |
| R I J Agnew*<br>R W Amey<br>Major-General J H S Bowring CB OBE MC<br>W J Busschau<br>The Rt Hon the Viscount Caldecote DSC<br>J B Davis*<br>The Rt Hon the Lord Denman MC<br>The Rt Hon the Lord Erroll of Hale PC TD<br>D O Lloyd-Jacob*<br>A Louw<br>Sir Brian Massy-Greene<br>B C Ryan*<br>W Mason Smith<br>J R A M Storar<br>R L Whiting*<br>A R O Williams OBE | **Directors** |
| Sir George Harvie-Watt BART TD DL QC | **President** |
| J R Stewardson | **Secretary** |
| 49 Moorgate London EC2R 6BQ | **Registered Office** |
| Lloyds Bank Limited Registrar's Department<br>The Causeway Goring-by-Sea Worthing Sussex | **Registrar** |

*Executive Director

# Report of the Directors

The Directors present their Report and the audited accounts for the year ended 30 June 1974.

### Interests

The Company's principal activities cover mining finance; the management and administration of subsidiary and associated companies operating in mining, construction materials, industry and commerce; exploration and development; the promotion of mining companies; and portfolio investment.

Group operations are summarised on pages 8-17. A list of principal subsidiaries and principal Group interests where the equity interest exceeds 10% appears on pages 36-37. Other Group interests are shown on page 38.

### Group profit and loss account

The revenue of the Group for the year, excluding its share of the profits of the associated companies referred to below, amounted to £67.9 million, an increase of £28.1 million compared with the previous year. This increase was almost wholly accounted for by the improvement in the net revenue of the industrial and mining companies and in dividend income.

Despite a higher turnover, the construction materials companies' net revenue showed only a marginal improvement at £10.9 million due primarily to cost inflation, price controls and the three-day week. Inevitably, these factors adversely affected profit margins.

The net revenue of the industrial and commercial companies rose by £9.1 million to £14.2 million largely due to the increased profitability and expansion of Azcon's operations in the United States of America, and to a further improvement in Alumasc's earnings in the United Kingdom.

The mining companies' net revenue improved by £8.5 million to £14.8 million. The Group's mining operations in Australia and the United Kingdom both benefited from the increase in metal prices, particularly those of copper and tin.

Dividends on investments rose by £8.2 million to £17.4 million due to a further increase in distributions by the South African gold mines and platinum companies.

Profit on realisation of investments amounted to £5.9 million after deducting £6.8 million in respect of unrealised depreciation. Whilst the profit of £12.7 million actually realised was 59% higher than that for the previous year, largely due to a buoyant gold share market, there was a substantial increase in the depreciation provision due to the depressed state of other sectors of stock markets.

The Group's share of profit of the associated companies, which was almost wholly accounted for by its 49% interest in Gold Fields of South Africa, showed a further substantial increase at £12.2 million. This improvement was largely due to higher dividend income from gold mining investments and sharedealing profits.

After providing for expenses, interest and exploration expenditure written off, the pre-tax profit of the Group, including its share of the associated companies' profits, amounted to £66.2 million, an increase of £31.3 million.

The total taxation charge, at £25.0 million, showed an increase of £11.6 million and was commensurate with the higher profit. After deducting taxation and the interest of outside shareholders, the net profit attributable to the members of the Company showed an increase of £15.4 million at £34.4 million. Earnings per share thus improved by 14p to a new record level of 32p.

The maximum dividend distributions which the Company is permitted to make under existing Government restrictions requires the sum of £6.0 million. This leaves a balance of £28.4 million to strengthen reserves, of which £9.3 million has been retained by the associated companies and £19.1 million by the Group.

### Group balance sheet

#### Capital

The authorised and issued capital remained unchanged at £32 million and £27.9 million respectively. During the year 47,600 of the partly paid Ordinary shares, previously issued in connection with the Company's share incentive scheme, became fully paid up.

#### Reserves

The reserves of the Group rose by £30.9 million to £125.5 million, of which those not available for distribution amounted to £59.4 million. Profit

retentions were more than double those at the end of the previous year and, at £66.1 million, included £15.5 million relating to associated companies.

**Outside shareholders' interests**

The interests of outside shareholders in the capital and reserves of subsidiary companies increased by £6.9 million to £39.7 million. This increase was largely attributable to profit retentions by the Australian group companies and by Azcon.

**Debentures and loans**

At £61.3 million, the Group total showed an increase of £9.9 million, the principal factor being additional borrowing by Azcon to finance its expansion in the United States of America.

**Deferred liabilities**

Of the total of £42.6 million, provisions for deferred taxation accounted for £37.5 million. The overall increase in deferred taxation largely reflects additional capital expenditure throughout the Group together with the effect of exchange rate movements.

**Assets**

Fixed assets before depreciation increased by £39.7 million to £221.6 million. Of this increase £26.4 million was accounted for by the capital expenditure programmes of Amey Roadstone Corporation and the Group's Australian mining companies. A further £11.1 million was attributable to movements in exchange rates.

The Directors are of the opinion that the property of the Group has a market value in excess of the value shown in the balance sheet. The nature of the Group's activities is such that no realistic assessment can be made of the market value of certain mining properties.

The book value of the Group's interest in associated companies, at £44.8 million, included £42.1 million in respect of its 49% holding in Gold Fields of South Africa. The cost of this holding was £27.0 million to which has been added the Group's share of profits retained since acquisition, amounting to £15.1 million. The stock exchange value of the Group's holding in Gold Fields of South Africa increased by £36.6 million to £165.9 million.

The book value of the Group's other investments amounted to £56.5 million, compared with £56.2 million at the end of the previous year. These investments have been included at or under cost and, where quoted, in no case above stock exchange value. At 30 June 1974 this value totalled £197 million against a comparable figure of £166 million at the end of the previous year.

Net current assets at £56.9 million increased by £22.4 million largely attributable to the increased profit of the Group, a major part of which has been retained. Detailed information showing the source and application of Group funds is given on page 31.

Group assets, taking stock exchange values for quoted investments, including the quoted associated companies, amounted to £686 million. The percentage distribution of these assets in various areas of the world is shown on page 33.

**Dividends**

The Directors recommend a final dividend of 3.4085p per Ordinary share. With the interim dividend of 2.1315p per share this makes a total of 5.54p per share for the year which, after taking into account the related tax credit under the imputation system of taxation, is equal to 8.2686p per share compared with 7.875p per share the previous year. This represents an increase of 5% which is the maximum permitted for the year under review in terms of the relevant legislation.

Provided the dividend is approved at the Annual General Meeting, it will be payable on 16 December 1974 to holders of Ordinary shares registered in the books of the Company at the close of business on 1 November and to holders of Coupon No. 114 detached from share warrants to bearer.

Subject to the necessary resolutions being passed at the Extraordinary General Meeting referred to below, holders of Ordinary shares will be given the option of taking further shares in lieu of the final dividend.

**Memorandum and Articles of Association**

At the Annual General Meeting, holders of Ordinary shares will be asked to consider and approve an amendment to the Articles of Association relating to Directors' fees.

**Extraordinary General Meeting**

An Extraordinary General Meeting will be held immediately after the forthcoming Annual General

Meeting and the attention of Shareholders is drawn to the circular and notice enclosed with this Report. The purpose of the meeting is to consider, firstly, the proposal that holders of fully paid Ordinary shares be permitted to elect to receive further shares in lieu of cash on the payment of dividends; and, secondly, the proposal that the Directors be authorised to make issues of Ordinary shares for cash, within specified limits, other than to existing holders of Ordinary shares.

**Share listings in Europe**

During the year the Company applied to have its shares listed on the stock exchanges of Basle, Frankfurt, Geneva and Zurich and the listings were granted in May.

**Additional information**

During the year under review goods to the value of £10.5 million were exported from the United Kingdom by Group companies.

Information relating to subscriptions and donations, Group turnover and Directors' interests is given on pages 25, 32 and 39 which are to be regarded as part of this Report.

**Substantial interests**

So far as the Directors are aware, no shareholder, corporate or individual, has an interest amounting to 10% or more of the equity capital of the Company.

**Employees**

The average number of persons employed by the Company and its subsidiaries in the United Kingdom was 12,405 and their aggregate remuneration for the year amounted to £27.7 million. In addition some 80,000 persons were employed overseas by subsidiaries and associated companies.

The Directors have pleasure in expressing their appreciation of the services rendered by the employees of the Group both at home and overseas.

**Directors**

At the Annual General Meeting held in November last year both Sir George Harvie-Watt and Mr M Maclachlan retired from the Board and did not seek re-election. Also during the year Mr H A Mackay retired from the Board, having been an Executive Director since 1968.

At the forthcoming Annual General Meeting Mr R W Amey, Major-General J H S Bowring, The Rt Hon the Viscount Caldecote and The Rt Hon the Lord Denman retire by rotation and offer themselves for re-election.

Mr A R O Williams, who was an Executive Director from 1955 to 1970, is now 70 years of age and retires at the forthcoming Annual General Meeting. He does not seek re-election.

At no time during the year was any Director interested in any contract with the Company which was a contract of significance in relation to the Company's business.

**Auditors**

Messrs Turquands Barton Mayhew & Co have signified their willingness to continue in office as auditors.

By Order of the Board
J R Stewardson
Secretary 25 October 1974

# Group operations

# Southern Africa

*The percentage shown in brackets after the name of a company is the beneficial interest attributable to the Parent Company.*
*All tonnages are metric.*

**Gold Fields of South Africa Limited**

This mining finance house (49%) is the Group's principal company in Southern Africa. Its main activities embrace the promotion of mining, industrial and property companies, investment, exploration and development. Its wholly-owned subsidiary, Gold Fields Mining and Development, provides managerial, technical and secretarial services to seven gold mines, eight base metal and mineral operations, and a number of finance, property and industrial companies. At 30 June 1974 the net assets of Gold Fields of South Africa (GFSA), including quoted investments at stock exchange values, amounted to £461 million compared with £280 million at the end of the previous year.

Group profit before tax rose by £15.2 million to £24.0 million, reflecting mainly increased dividend income from gold mining companies and higher profits realised on the sale of investments. After deducting tax and minority interests, the net profit amounted to £22.3 million compared with £8.3 million the previous year. Distributions to shareholders were raised from £5.6 million to £15.2 million.

**Gold**

Following the sharp advance in the free market price of gold during the seven months to July 1973 to a level of $127 per ounce, the price receded to a range of $90–$115 in the latter part of 1973. By February 1974 concern over the consequences of higher oil prices on the economies of certain countries and world-wide inflation led to renewed speculative interest in gold. In April the price reached a record of $179, but declined to $146 by the end of June 1974.

During the year group mines milled 10.5 million tons of ore compared with 10 million tons, but due to the lower grade, production declined by 4%. Average revenue per kilogram produced increased by some 78% due to higher prices. Despite a further escalation in working costs the combined working profit more than doubled to £212.9 million. Taxation and State's share of profit amounted to £101.2 million and distributions to shareholders were raised to £74.9 million.

Comparative results of the group's gold mines are shown in the tabulation below.

At East Driefontein, which has yet to reach full production, good progress is being maintained with the development of the shaft system. Work on the surface installations is proceeding and extensions to the reduction plant are nearing completion. Capital expenditure since operations began in 1968 has totalled £54 million.

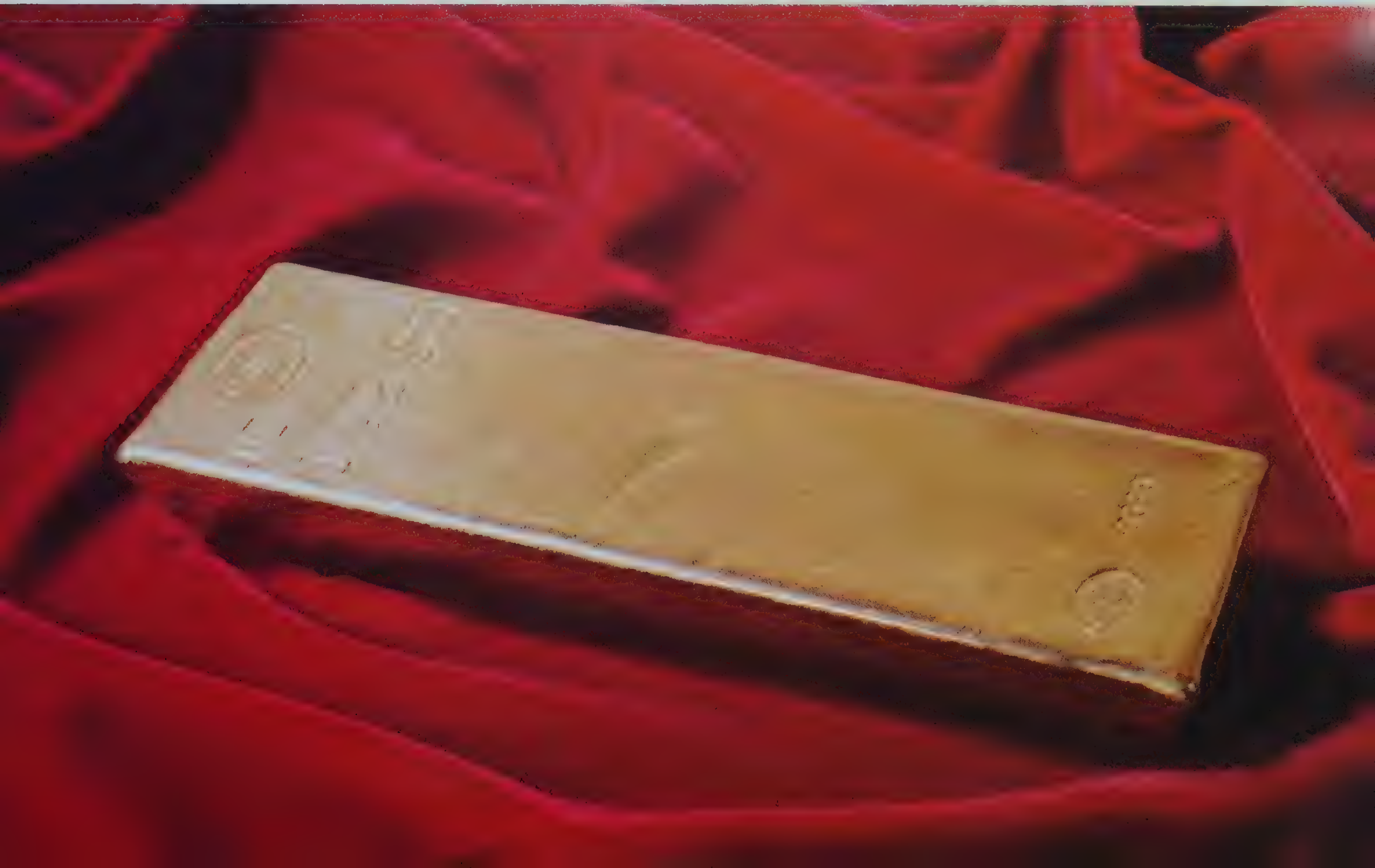
The tonnage milled at Kloof was slightly lower due to long lines of communication underground and lack of stope faces. It is anticipated that full production will not now be attained until 1977/1978.

The capacity of the reduction plant at Libanon was increased by some 18% to 140,000 tons per month in view of the substantial tonnages of low grade ore which have become payable.

The feasibility of establishing a new deep-level gold mine on the Deelkraal farm, where GFSA owns all the mineral rights, was considered and accepted. Application has been made for a mining lease and the Deelkraal Gold Mining Company (49%) has been incorporated. It is the intention to offer an equity participation to GFSA shareholders during the first half of 1975.

| | Gold production Kilograms | | Working profit £ millions | | Distributions £ millions | |
|---|---|---|---|---|---|---|
| | 1974 | 1973 | 1974 | 1973 | 1974 | 1973 |
| Doornfontein (19%) | 17,876 | 20,049 | 20.1 | 8.5 | 6.1 | 2.8 |
| East Driefontein (25%) | 17,057 | 15,788 | 21.2 | 9.1 | 10.2 | — |
| Kloof (25%) | 27,537 | 28,480 | 31.3 | 15.1 | 15.0 | 7.9 |
| Libanon (14%) | 15,862 | 18,447 | 19.9 | 9.6 | 5.0 | 2.6 |
| Venterspost (7%) | 10,028 | 10,907 | 7.6 | 2.3 | 2.3 | 1.0 |
| Vlakfontein (13%) | 4,289 | 5,251 | 3.2 | 1.1 | 1.0 | 0.7 |
| West Driefontein (21%) | 74,645 | 74,971 | 109.6 | 49.0 | 35.3 | 17.1 |
| | **167,294** | **173,893** | **212.9** | **94.7** | **74.9** | **32.1** |

*Work in progress on the ventilation shaft at the new Deelkraal gold mine.*
*At current prices, the production of gold bars worth £1 million requires the mining and milling of some 40,000 tons of ore. Seen below is a 400 ounce bar, the present value of which is about £25,000.*



### Platinum

Against the background of continuing firm demand for platinum, Rustenburg Platinum Mines (15%) decided to expand its productive capacity to 1.5 million ounces per annum by opening up a new mine.

The Group's dividend income from platinum was £3.2 million compared with £1.8 million.

### Zinc and vanadium

The South West Africa Company (16%) increased its profit before tax to £2.1 million due to increased tonnages of minerals recovered and higher prices. Dividends received from its investment in Tsumeb, a copper producer, amounted to £175,000 compared with £77,000.

At Kiln Products (19%) increased production and better recoveries, together with higher zinc prices, resulted in an improvement in profit before tax from £221,000 to £752,000.

Zinc Corporation of South Africa (21%) sold 60,400 tons of zinc in the year ended 31 December 1973 compared with 44,300 tons the previous year. Profit before tax increased materially and dividends were raised from £476,000 to £688,000. The expansion programme, designed to increase production capacity to 82,000 tons per annum, is proceeding satisfactorily.

### Tin

At Rooiberg (13%) production of tin in concentrates rose slightly to 1,976 tons. Due to higher tin prices profit before tax was nearly doubled at £2.5 million. Dividend distributions were increased from £299,000 to £649,000.

### Coal

Profit before tax of Apex Mines (15%) at £853,000 increased due to a rise in the official price of coal and higher sales of metallurgical coal. Dividends on the ordinary shares amounted to £305,000.

### Investment

Group profit before tax of New Witwatersrand (24%) improved by £1.2 million to £2.5 million due to higher profits on the sale of investments and increased dividend income. Distributions were higher at £1.0 million. The net asset value at 30 June 1974 amounted to £25 million compared with £18 million a year earlier.

The main source of revenue of Vogelstruisbult (30%) is dividend income from its investments, most of which are in base metal and mineral companies of the Group. Its profit before tax for the year to 30 June 1974 rose from £528,000 to £644,000 largely as a result of higher distributions by certain of these companies. Dividends totalling £432,000 were declared.

### Property

Gold Fields Property (24%) increased its group profit before tax by some 67% to £2.2 million. This was largely attributable to an improvement in profits on property and township sales and to increased rental income. The dividend was raised by £128,000 to £512,000. In the residential property sector the group provides mainly low to medium cost housing. In the commercial sector the company is constructing a 400-bedroom hotel in central Johannesburg which should be completed in the first half of 1975.

### Exploration

Drilling for gold on the Buffelsdoorn and Elandsfontein farms, which continued during the year, confirmed the existence of a viable deposit. Elandsrand Gold Mining Company has been formed to bring these properties, which adjoin the Deelkraal area, to production. GFSA will not administer this company but will have a 15% beneficial interest.

The group continues to maintain an active exploration programme. Prospecting has largely been concentrated on the search for gold, coal and other minerals, and certain base metals. Several prospects in the Cape, Natal and the Transvaal are being investigated.

# United Kingdom

### Construction materials

Amey Roadstone Corporation (ARC), a wholly-owned subsidiary providing material for the United Kingdom construction and civil engineering industries, increased its turnover by 16%, from £101 million to £117.7 million, despite the adverse economic climate. However ARC's profit before tax fell from £10.1 million to £8.2 million as a result of cost inflation, the three-day working week and some reduction in demand in certain areas for its principal products. These factors, coupled with price restraints and high interest rates, inevitably led to pressure on profit margins.

The eight ARC regional divisions produce quarried stone, sand and gravel, coated macadam, asphalt and pre-mixed concrete. These activities resulted in the delivery of 39.4 million tons of material and generated the major part of ARC's turnover and profit.

Profit from ARC civil engineering, road surfacing and building operations was seriously reduced due to increases in costs, particularly of bitumen and other oil-based materials. Principal activities included motorway and main trunk road construction and major contracts for civil aviation authorities.

The programme of replacement and expansion was continued and capital expenditure amounted to £14 million. The £3 million redevelopment at Batts Combe quarry, Somerset, to provide limestone and burnt lime for British Steel, is nearing completion. Other major items included the installation of asphalt plants at a quarry near Birmingham and at Allington in Kent. ARC continued to invest in rail facilities at its quarries, pits and depots and bought a further 40 railway wagons. Expansion on the Continent is being achieved by acquisition, the extension of existing operations and through participation with established organisations in Europe.

### Commercial

The group profit before tax of C Tennant, Sons, a wholly-owned subsidiary, amounted to £931,000. This figure includes the attributable profit of £213,000 from the company's 27% holding in Bjolvefossen, a Norwegian ferro-alloy producer.

Tennant Trading, which deals in ferro-alloys, metals, minerals, chemicals and general exports, increased its profit before tax to £959,000 reflecting an improved demand for its services and higher commodity prices.

Tennant Guaranty, which provides finance for British exports, incurred a loss due to bad debt provisions and adverse movements in interest rates.

Higher profits were achieved by Tennant Budd, insurance brokers, and by Ingersoll Locks, which manufactures a variety of high-security locks.

London & Western Trust, which provides investment and financial services, was acquired in April.

### Industrial

Alumasc, a wholly-owned subsidiary, supplies a wide range of products manufactured by deep drawing, high and low pressure die casting and hot pressing of non-ferrous metals including aluminium, brass, bronze and special alloys mainly to the brewing, building and motor industries.

Despite shortages of labour and raw materials, aggravated by the energy crisis, turnover increased by 38% and profit before tax rose from £1.3 million to £2.0 million. Demand for the products of Alumasc continue at a high level. The existing factories in the Northampton area cannot be expanded further and a new plant is being erected at Alfreton in Derbyshire. This plant should be in production by the middle of 1975 and will be used initially for the repair of beer casks.

### Tin

Wheal Jane, a wholly-owned subsidiary, treated 205,000 tons of ore and produced a concentrate containing 1,480 tons of tin compared with 1,600 tons the previous year. The grade of ore treated and percentage recovery of tin were lower than last year. A concentrate was also produced containing 430 tons of copper, 3,000 tons of zinc and 2,300 kilograms of silver. Operations were adversely affected by the national power restrictions and costs increased due to inflation. Higher metal prices more than offset these adverse factors and resulted in a profit before tax of £1.3 million compared with £50,000.

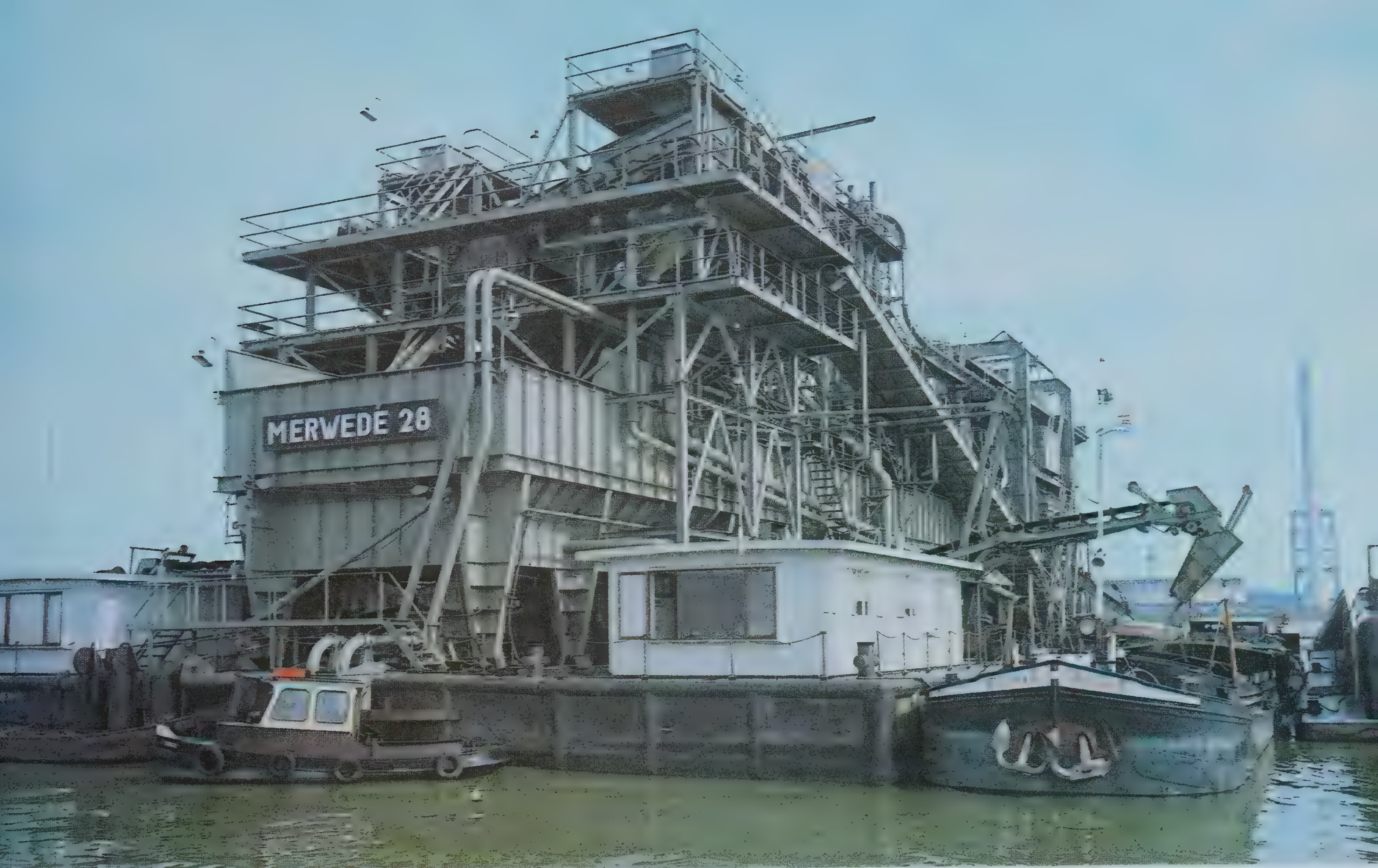
### Exploration

Gold Fields' exploration teams continued their search for mineral deposits in the United Kingdom and Spain. The final assessment of work previously carried out in north-east Scotland has yet to be completed.

This pagan Saxon burial ground, dating from AD 500, was recently discovered by ARC when working its gravel pit near Dorchester-on-Thames.

Detailed examination and recording of this site, which is of rare significance, is being carried out by the Oxford Archaeological Unit, with funds provided by the company.

Many graves have been unearthed, yielding well-preserved skeletons, weapons and jewellery which, together with an analysis of the soil, are expected to make an important contribution to the Archaeological Unit's knowledge of that period.




*One of the Group's dredgers, capable of producing 400 tons of sand and gravel an hour, at work on the River Maas, Holland.*

*Aluminium cladding for this building in Frankfurt was cast and supplied by Alumasc.*

# Australasia

### Consolidated Gold Fields Australia Limited

The Group's principal interests in this area are held through Consolidated Gold Fields Australia (CGFA), in which the Group shareholding is 68%.

Group profit before tax amounted to £15.3 million. After deducting tax of £7.0 million and minority interests of £3.8 million, net profit amounted to £4.5 million, compared with £4.0 million last year.

### Iron ore

Shipments of iron ore from the Mount Goldsworthy joint venture (23%) in Western Australia were 7.6 million tons, compared with 7.4 million tons the previous year. Profit before tax attributable to CGFA fell to £147,000, compared with £1.3 million, due to adverse exchange rate movements and cost escalation.

No decision has yet been taken on the development of Mining Area 'C', 210 miles south of Port Hedland.

### Copper

Production of copper in concentrates by Mount Lyell (38%) increased to 24,300 tons. Sales revenue was higher following the significant improvement in world copper prices. Profit before tax was £7.7 million, compared with £2.1 million last year.

At Gunpowder (48%) production of copper in concentrates was 7,000 tons. Profit before tax amounted to £1.4 million compared with a small loss the previous year. Drilling to date has indicated ore reserves of 8 million tons and an expansion programme is being undertaken.

### Tin

The profit before tax at Renison (32%) rose by £1.1 million to £2.6 million, due principally to higher tin prices. Production of tin in concentrates improved marginally to over 3,900 tons.

### Ilmenite, rutile and zircon

Production of rutile by Associated Minerals (41%), operating in New South Wales and Queensland, rose to 105,000 tons and zircon output increased to 80,000 tons. Sales revenue improved and profit before tax was doubled at £2.6 million.

In Western Australia, production by Western Titanium (56%) of ilmenite and other minerals, including zircon, showed a small decrease at 298,000 tons. Profit before tax was £893,000, compared with £805,000 last year. The 30,000 tons per annum ilmenite upgrading plant was commissioned during June 1974 and is operating very well. The dispute over title to the extensive heavy minerals deposit at Eneabba, 170 miles north of Perth, was decided by the Privy Council in favour of Western Titanium and its associates. Feasibility studies are now being undertaken.

### Coal

Combined production of coal and coke at Bellambi (46%) fell due to industrial disputes. The lower production, together with increased operating costs, resulted in a loss of £596,000, compared with a profit before tax of £449,000 last year.

A new sales contract providing for an increase in price was negotiated with the Japanese steel industry at the end of the year.

### Investment

Profit before tax of Commonwealth Mining (41%) was £1.0 million, compared with £599,000 last year. At 30 June 1974, the net asset value of the company amounted to £9.7 million, compared with £9.1 million the previous year.

### Industrial

The turnover of Zip Holdings (35%) in New Zealand increased substantially and profit before tax was £878,000, compared with £286,000.

### Property

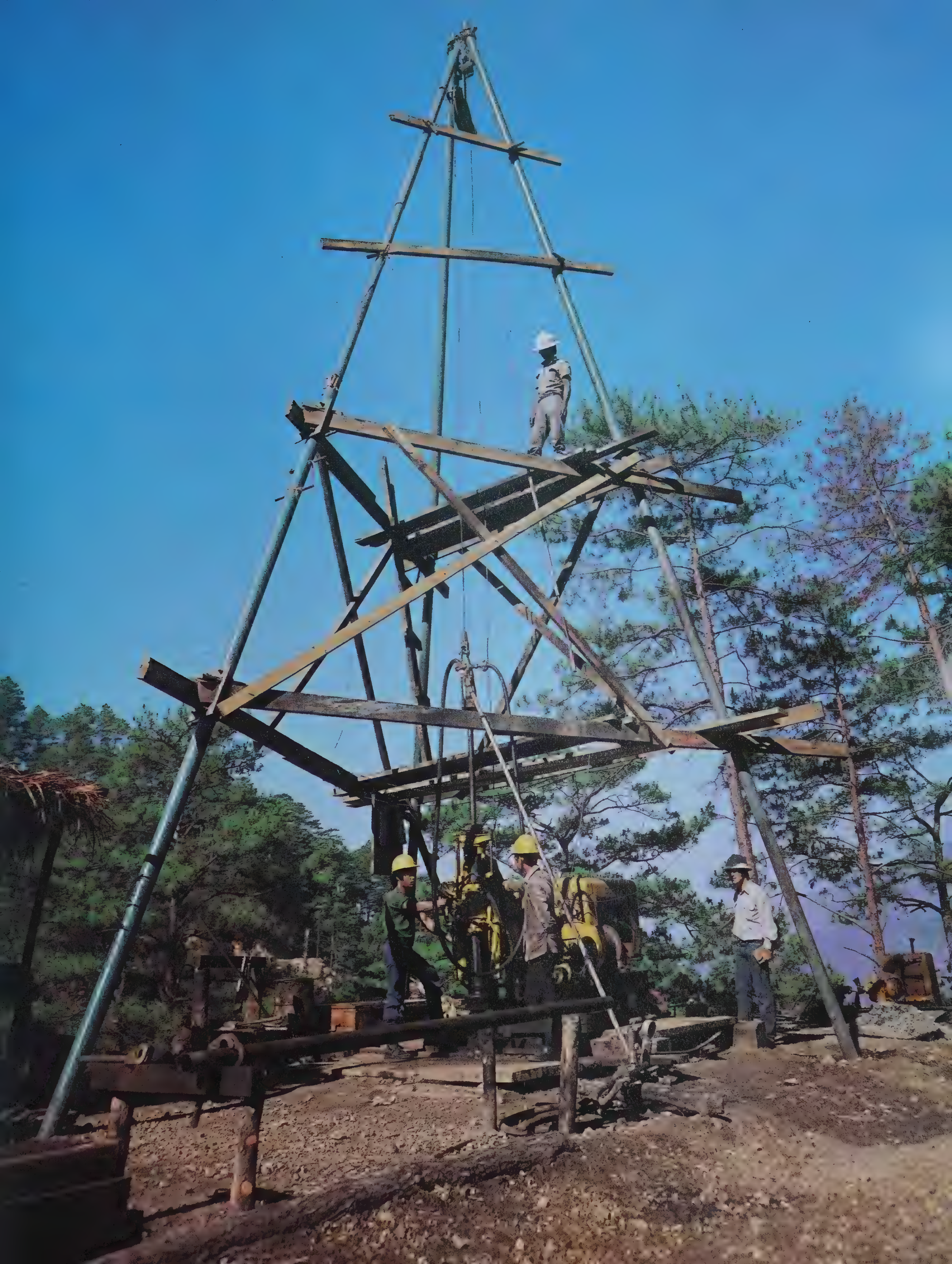
Further progress in property investment and development was made by CGFA's wholly-owned subsidiary, Lion Properties.

### Exploration

Several copper and gold prospects are being examined in the Philippines by CGFA.

Pancontinental (8%) is drilling for uranium in the Northern Territory of Australia and had discovered by 30 June 1974 two orebodies with reserves of 22,000 tons of uranium oxide.

*Drilling for minerals in the Philippines.*



# United States of America

### Gold Fields American Corporation

During the year this wholly-owned subsidiary continued its supervisory role over the Group's growing interests in the United States and became the main vehicle for exploration there. Profit before tax amounted to £160,000 compared with £142,000 the previous year.

### Azcon Corporation

Since Azcon (85%) commenced its acquisition programme in 1972, it has become one of the largest steel distributors in America.

In October 1973 it further extended its interest in this sector by acquiring, for £5.8 million, the business of Unimet Corporation. Based in New York, Unimet was formed through the amalgamation of four smaller units and now operates a number of depots in various parts of the United States. Products range from non-ferrous metals and low-carbon steel to special alloys and stainless steel.

Azcon now has metal distribution centres in New York, Kansas City, Philadelphia, Detroit, Chicago, and several in Texas and Louisiana. These outlets provide a broad coverage of the eastern half of the United States while the west coast is served from Los Angeles.

Despite the acute world-wide shortage of steel, Azcon maintained its volume of sales and benefited from enhanced prices: turnover totalled £62 million. These factors, together with the inclusion of the results of Union Steel for a full year compared with four months for 1973, and nine months' earnings of Unimet, resulted in Azcon's metal distribution divisions yielding a profit before tax of £8.3 million compared with £1.3 million.

The Gefco division, which manufactures drilling rigs and related equipment in Oklahoma, also increased its earnings despite a continuing shortage of components. It has offices in twelve American states and representation in Canada and overseas.

Under the agreement for the sale of its former Tennessee zinc mines, Azcon receives deferred payments contingent upon the zinc price and the quantity of concentrates produced from those properties. The strike affecting these mines last year was settled in September 1973. Income from this source was therefore received for ten months of this year compared with six months last year. This, together with higher zinc prices, resulted in revenue rising from £267,000 to £1.4 million.

Azcon's total profit was £8.9 million compared with £1.7 million the previous year. No tax was payable due to losses brought forward from previous years. It is anticipated that the remaining tax losses will be utilised in the current financial year.

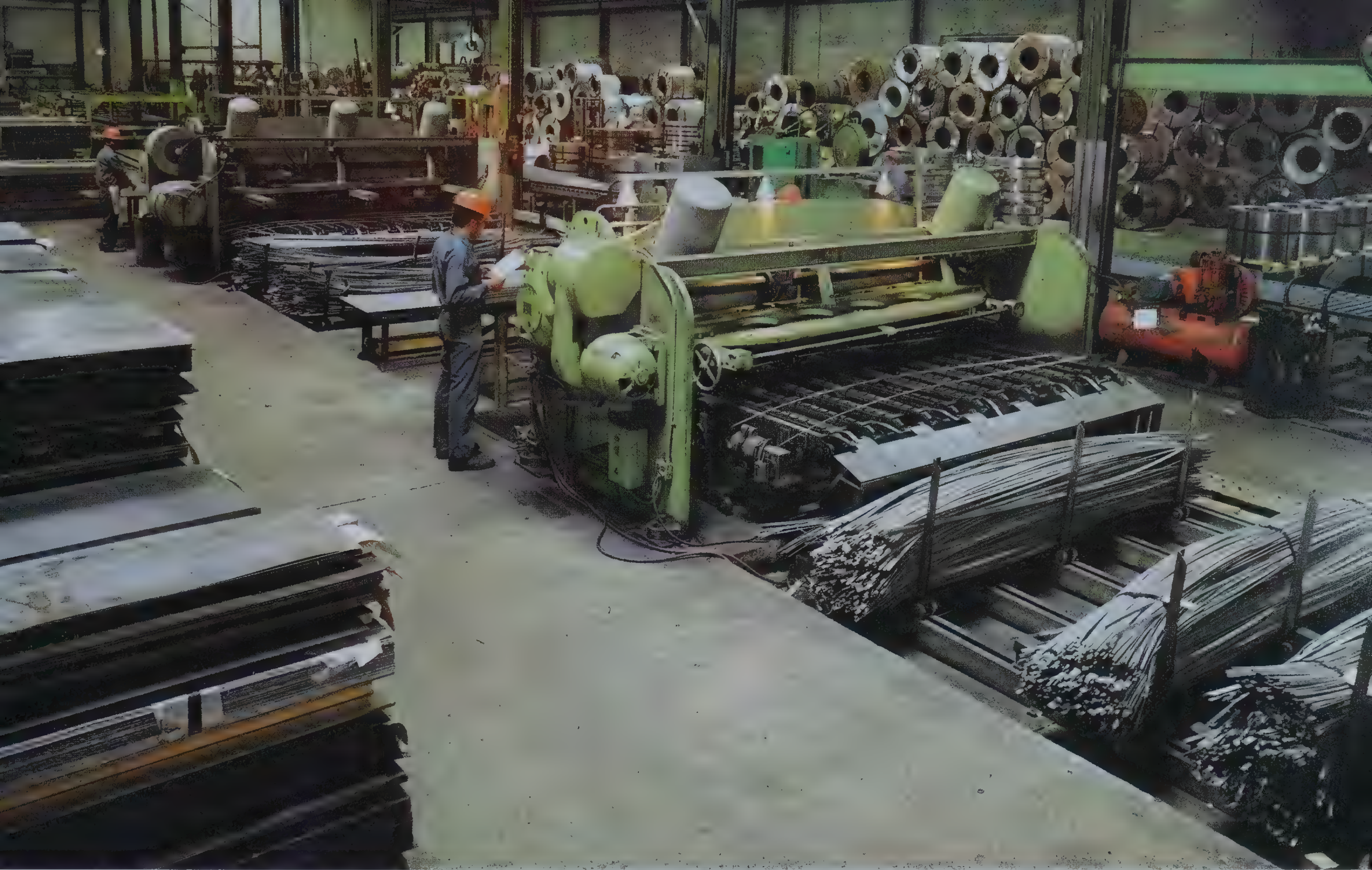
# Canada

### Newconex Holdings Limited

The group profit before tax of Newconex (60%) was £434,000 compared with £586,000 the previous year. This reduction was largely attributable to lower sharedealing profits and provision for depreciation of investments. The dividend was maintained at 21 cents per share.

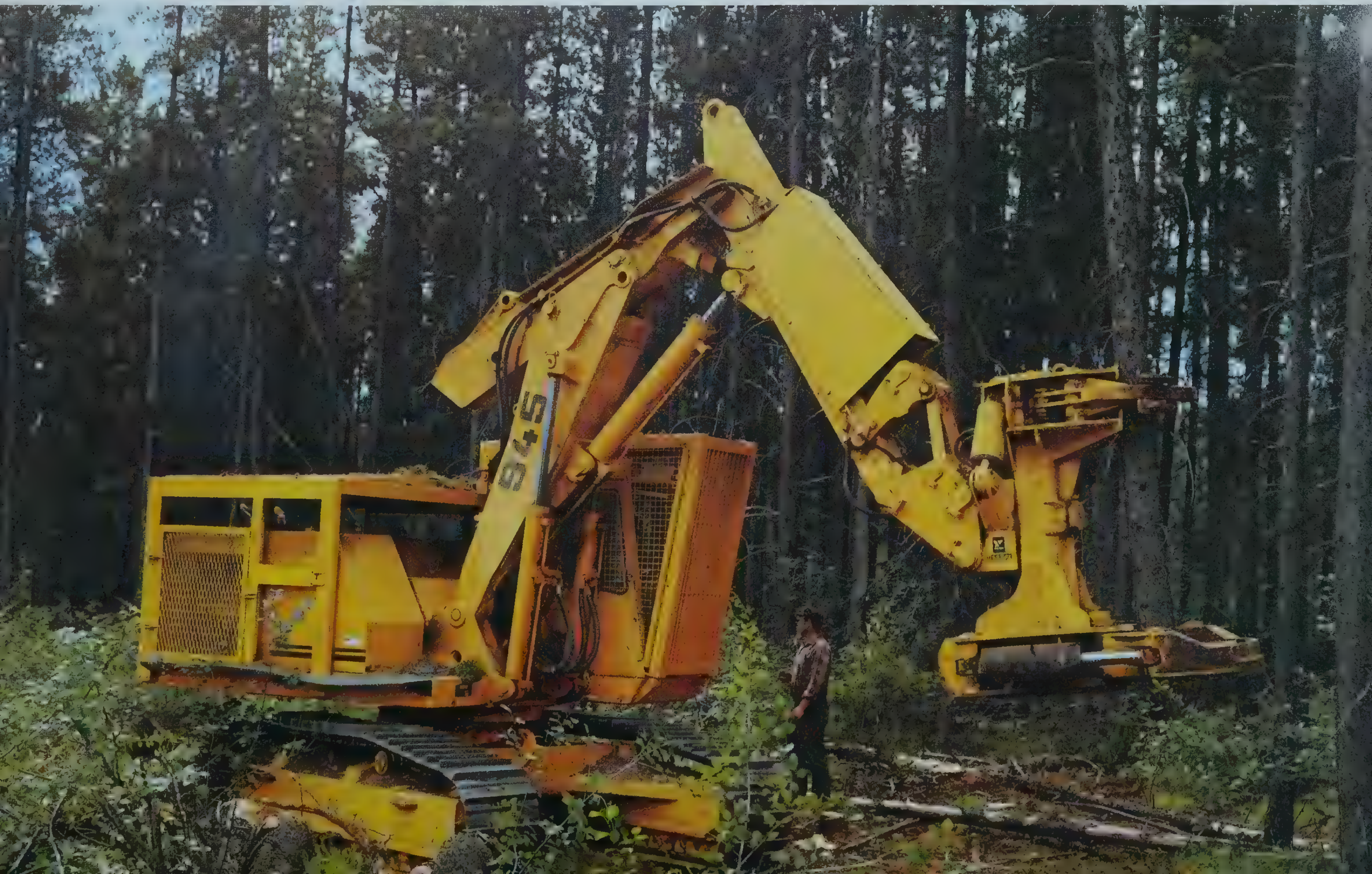
Vancouver Equipment (60%) sells and services heavy equipment used by the mining, forestry and construction industries in British Columbia. Profit before tax improved from £338,000 to £410,000.

Net assets of the Newconex group increased from £7.4 million to £7.7 million.



*Production of steel strips by Azcon.*

*A tree-shearer supplied by Vancouver Equipment working in British Columbia.*



# Group balance sheet

at 30 June 1974

Consolidated Gold Fields Limited and subsidiaries

| | Note | 1974 £'000 | 1974 £'000 | 1973 £'000 | 1973 £'000 |
|---|---|---|---|---|---|
| **Assets employed** | | | | | |
| Fixed assets | 14 | | 138,990 | | 116,811 |
| *Associated companies | 16 | | 44,853 | | 31,655 |
| *Investments | 17 | | 56,509 | | 56,222 |
| Current assets | | | | | |
| Stocks | | 45,867 | | 26,736 | |
| Debtors | | 81,313 | | 65,587 | |
| Cash and deposits | | 41,143 | | 19,919 | |
| | | 168,323 | | 112,242 | |
| Current liabilities | | | | | |
| Creditors | 18 | 84,244 | | 56,192 | |
| Bank overdrafts | | 27,135 | | 21,496 | |
| | | 111,379 | | 77,688 | |
| Net current assets | | | 56,944 | | 34,554 |
| | | | **297,296** | | **239,242** |
| **Financed by** | | | | | |
| Capital and reserves | | | | | |
| Issued capital | 19 | | 27,983 | | 27,971 |
| Reserves | 20 | | 125,544 | | 94,654 |
| | | | 153,527 | | 122,625 |
| Outside shareholders' interests | | | 39,776 | | 32,895 |
| Debentures and loans | 21 | | 61,385 | | 51,501 |
| Deferred liabilities | 22 | | 42,608 | | 32,221 |
| | | | **297,296** | | **239,242** |
| *The excess of the stock exchange value of the quoted investments and of the investments in the quoted associated companies over their book values included above was | | | **277,471** | | **219,518** |

These accounts should be read in conjunction with the notes on pages 22 to 30

# Company balance sheet

at 30 June 1974

Consolidated Gold Fields Limited

| | Note | 1974 £'000 | 1974 £'000 | 1973 £'000 | 1973 £'000 |
|---|---|---|---|---|---|
| **Assets employed** | | | | | |
| Fixed assets | 14 | | 4,197 | | 510 |
| Subsidiary companies | 15 | | 183,594 | | 177,076 |
| *Associated company | 16 | | 8,314 | | 8,314 |
| *Investments | 17 | | 13,104 | | 17,040 |
| Current assets | | | | | |
| Debtors | | 7,780 | | 4,143 | |
| Cash and deposits | | 15,671 | | 13,257 | |
| | | 23,451 | | 17,400 | |
| Current liabilities | | | | | |
| Creditors | 18 | 15,265 | | 12,089 | |
| Bank overdraft | | 75 | | 51 | |
| | | 15,340 | | 12,140 | |
| Net current assets | | | 8,111 | | 5,260 |
| | | | **217,320** | | **208,200** |
| **Financed by** | | | | | |
| Capital and reserves | | | | | |
| Issued capital | 19 | | 27,983 | | 27,971 |
| Reserves | 20 | | 146,814 | | 138,143 |
| | | | 174,797 | | 166,114 |
| Debentures and loans | 21 | | 42,523 | | 42,032 |
| Deferred liabilities | 22 | | – | | 54 |
| | | | **217,320** | | **208,200** |
| *The excess of the stock exchange value of the quoted investments and of the investment in the associated company over their book values included above was | | | **202,905** | | **150,999** |

**Donald McCall** *Director*

**M. Ellison Rich** *Director*

These accounts should be read in conjunction with the notes on pages 22 to 30

# Notes to the accounts

## 1 Accounting policies

### (a) Basis of consolidation

Group accounts incorporate the assets and liabilities of the Company and all its subsidiaries as at 30 June 1974 and the results for the year ended on that date with the exception of the European operations of Amey Roadstone Corporation Ltd, whose results have been incorporated up to 31 March 1974 in order to avoid undue delay in the presentation of Group accounts

The results of subsidiaries acquired during the year are included in the Group profit and loss account from the effective date of acquisition

### (b) Associated companies

The results of associated companies are dealt with as follows:

(i) In the case of the Group's 49% interest in Gold Fields of South Africa Ltd and the interest in associated companies of Amey Roadstone Corporation Ltd and C Tennant, Sons & Co Ltd, by including in the consolidated profit the share of profit attributable to the Group's interest in those companies

(ii) In the case of all other associated companies, by including only dividends receivable. Inclusion of the results of those companies on the same basis as in (i) above would cause delay in the presentation of Group accounts out of proportion to the value to the members of Gold Fields and could, in the majority of cases, be misleading due to the difference between the accounting policies of certain associated companies and those of the Group

### (c) Dividends on investments

Dividend income is accounted for when declared. Overseas dividends are grossed up by underlying taxes to the extent that relief is obtained against United Kingdom Corporation Tax

### (d) Depreciation of fixed assets

Depreciation is provided by reference to cost or valuation and takes into account the estimated working lives of assets concerned. No depreciation is provided on certain freehold properties

Mineral reserves, mining leases and capitalised development are amortised either over the life of the mine or at varying rates per ton of mineral extracted

### (e) Investments

Quoted investments are included at or under cost but in no case above the stock exchange value at the balance sheet date. The Directors consider it desirable to retain the book value of certain holdings below both cost and stock exchange value. Unquoted investments and properties and ventures are included at cost less amounts written off

Amounts written off investments in respect of unrealised depreciation are deducted from profit on realisation of investments

The stock exchange value of quoted investments in overseas territories held by United Kingdom companies includes 75% of the currency premium, which at 30 June 1974 was 35½%

### (f) Exploration expenditure

General exploration is charged in the Group profit and loss account

Expenditure on specific projects warranting further investigation, to the extent that it has not been written off, is carried forward under the heading of properties and ventures in the balance sheet. Expenditure on abortive projects is charged in the Group profit and loss account

When projects are deemed to be commercially viable the expenditure thereon is transferred to fixed assets and depreciation provided as in (d) above

### (g) Goodwill

The excess of the cost of shares held by Consolidated Gold Fields Australia Ltd in its mining subsidiaries over its proportion of their net assets at the dates of acquisition is being written off over the expected life of the mines concerned and the amounts so written off are deducted in arriving at the net revenue of mining companies

Goodwill arising on purchase of assets together with goodwill arising on subsidiaries acquired since 1 July 1973 is being amortised over not more than 40 years

### (h) Stocks and work in progress

These are shown at the lower of cost, which includes appropriate overheads, or net realisable value except in the case of certain mining companies where stocks allocated for delivery against specific forward sales contracts over the next six months have been included at estimated net realisable value

### (i) Deferred taxation

Deferred taxation has been provided on the difference between depreciation of fixed assets and allowances for tax purposes together with other timing differences arising during the year, excluding depreciation of investments not realised for tax purposes

As from 1 July 1973 provision has been made on the deferral method with the result that accumulated provisions are not adjusted for subsequent changes in taxation rates

### (j) Foreign currencies

The rates of exchange ruling at the year end are used for translation into sterling of the accounts of overseas subsidiaries and of assets and liabilities in foreign currencies. Rates used for translation into sterling include:

| | 1974 | 1973 |
|---|---|---|
| Australian | $1.607 | $1.819 |
| Canadian | $2.323 | $2.577 |
| New Zealand | $1.647 | $1.940 |
| South African | R1.597 | R1.732 |
| United States | $2.390 | $2.582 |

Investment dollars have been translated taking into account the premium of $35\frac{1}{2}\%$ ruling at 30 June 1974

Adjustments arising from the translation into sterling of the balance sheets of overseas subsidiaries and associated companies are dealt with through reserves. Profits and losses arising from the repayment or translation of foreign currency borrowings of United Kingdom companies, and those arising in the ordinary course of business, are included in profit for the year

## 2 Dividends on investments

The Group income from this source was derived from:

| | 1974 £'000 | 1973 £'000 |
|---|---|---|
| Quoted investments | 17,047 | 7,841 |
| Unquoted investments | 360 | 1,413 |
| | 17,407 | 9,254 |

## 3 Profit on realisation of investments

This item is arrived at after charging £6,867,000 (£1,855,000) in respect of unrealised depreciation on investments held at 30 June 1974

## 4 Interest payable

The Group charge for the year comprised interest on:

| | 1974 £'000 | 1973 £'000 |
|---|---|---|
| (a) Debentures and loans: | | |
| Bank loans | 5,460 | 2,823 |
| Other debentures and loans: | | |
| repayable wholly within five years | 257 | 36 |
| other | 1,263 | 1,426 |
| As shown in Group profit and loss account | 6,980 | 4,285 |

(b) Bank overdrafts:
Interest payable by the Group on bank overdrafts amounted to £3,999,000 (£2,774,000)

## 5 Taxation

(a) The Group charge comprised:

| | 1974 £'000 | 1973 £'000 |
|---|---|---|
| United Kingdom: | | |
| Corporation Tax at 52% ($42\frac{1}{2}$%) including deferred taxation £5,278,000 (£3,481,000) | 9,749 | 4,652 |
| Advance Corporation Tax not considered to be recoverable by subsidiaries | 13 | 560 |
| Tax attributable to United Kingdom dividends receivable | 142 | 53 |
| Overspill relief | (69) | (69) |
| | 9,835 | 5,196 |
| Overseas, including deferred taxation £3,905,000 (£1,411,000) | 14,327 | 5,776 |
| | 24,162 | 10,972 |
| Adjustments in respect of previous years: | | |
| United Kingdom: | | |
| Deferred taxation | (59) | 484 |
| Other | (140) | (82) |
| Overseas: | | |
| Deferred taxation due to a change in legislation in Australia | — | 2,590 |
| Revised basis of assessment agreed by an Australian subsidiary | — | (736) |
| Other | 40 | (85) |
| | 24,003 | 13,143 |

The United Kingdom Corporation Tax charge shown above is after deducting relief in respect of double taxation amounting to £8,190,000 (£4,878,000)

(b) Additional taxation would arise in the event of:
  (i) Distribution of profits from abroad by associated companies and by certain subsidiaries
  (ii) Disposal of investments and of the interests in the associated companies at the valuations stated

(c) The close company provisions of the Income and Corporation Taxes Act 1970 did not apply to the Company during the year under review and no change in this status has occurred since the end of the financial year

## 6 Dividends payable and recommended

| | | 1974 £'000 | 1973 £'000 |
|---|---|---|---|
| 7% Preference | | 56 | 70 |
| Ordinary | interim dividend of 2.1315p per share (2.03p) payable 1 July 1974 | 2,288 | 2,178 |
| | final dividend of 3.4085p per share (3.4825p) now recommended | 3,659 | 3,737 |
| | | 6,003 | 5,985 |

By virtue of the Finance Act 1972, dividends on the preference shares are payable at the rate of 4.9% per annum without any tax deduction

## 7 Earnings per Ordinary share

The calculation of earnings per share is based on the weighted average of 107,326,826 fully paid Ordinary shares in issue during the year (105,010,434), and earnings of £34,423,000 (£18,973,000) being the net profit attributable to the Ordinary shareholders of Consolidated Gold Fields Ltd

## 8 Hire of plant and machinery

The charge to Group revenue for the year was £3,116,000 (£2,147,000)

## 9 Directors' emoluments

The total emoluments of the Directors of the Parent Company, including pension contributions, comprised:

| | 1974 £'000 | 1973 £'000 |
|---|---|---|
| As Directors | 101 | 110 |
| As Executives | 378 | 392 |
| | 479 | 502 |

The table which follows shows the number of Directors whose duties were wholly or mainly discharged in the United Kingdom and whose emoluments (other than pension contributions) were within the bands stated. The table also shows the total amount of income tax at the appropriate graduated rates applicable for 1974/75 at the higher end of each band over £10,000 and the corresponding take-home pay; it has been assumed that the recipient is a married man without children and with no other source of income

| Emoluments £ | Tax £ | Take-home pay £ | 1974 Number | 1973 Number |
|---|---|---|---|---|
| up to 2,500 | | | 4 | 3 |
| 2,501 to 5,000 | | | 2 | 3 |
| 7,501 to 10,000 | | | 1 | |
| 10,001 to 12,500 | 5,300 | 7,200 | 3 | 1 |
| 12,501 to 15,000 | 7,000 | 8,000 | 1 | 2 |
| 15,001 to 17,500 | 8,800 | 8,700 | 2 | 2 |
| 17,501 to 20,000 | 10,600 | 9,400 | 1 | 1 |
| 20,001 to 22,500 | 12,600 | 9,900 | 1 | 1 |
| 27,501 to 30,000 | 18,800 | 11,200 | – | 1 |
| 30,001 to 32,500 | 20,900 | 11,600 | 1 | 1 |
| 32,501 to 35,000 | 23,000 | 12,000 | 1 | |
| 55,001 to 57,500 | 41,600 | 15,900 | 1 | 1 |

The emoluments of the Chairman were £57,392 (£56,171)

Unfunded pensions paid in respect of past executive services amounted to £7,000 (£7,000). In addition, increases in pensions in respect of past executive services were funded by the Company at a cost of £38,000 (Nil)

## 10 Emoluments of senior employees

Employees of the Group in the United Kingdom whose emoluments (other than pension contributions) exceeded £10,000 were as indicated below:

| £ | 1974 Number | 1973 Number |
|---|---|---|
| 10,001 to 12,500 | 6 | 5 |
| 12,501 to 15,000 | 5 | 2 |
| 17,501 to 20,000 | – | 2 |
| 20,001 to 22,500 | 2 | - |

## 11 Auditors' remuneration

The Group charge for the year amounted to £283,000 (£213,000)

## 12 Subscriptions and donations

A total of £18,599 (£12,049) was donated for charitable purposes by Group companies in the United Kingdom. In addition, the Parent Company donated £15,654 to the Bantu Sport and Recreation Fund in South Africa

The following contributions made by the Group may be deemed to be political for the purposes of the Companies Act 1967: British United Industrialists £3,000 (£3,000), Economic League £700 (Nil)

## 13 Parent Company's profit

Of the profit of £34,479,000 (£19,043,000) attributable to the members of Consolidated Gold Fields Ltd, £14,599,000 (£11,577,000) has been dealt with in the accounts of the Company

## 14 Fixed assets

| | Parent | | Group | |
|---|---|---|---|---|
| | 1974 | 1973 | 1974 | 1973 |
| | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation: | | | | |
| Freehold property | 371 | 254 | 36,182 | 31,667 |
| Leasehold property | | | | |
| 50 years or more unexpired | — | 44 | 715 | 689 |
| Short | 219 | 219 | 4,282 | 3,672 |
| | 590 | 517 | 41,179 | 36,028 |
| Mining leases and development | — | — | 30,887 | 24,778 |
| Plant, machinery and ships | 3,976 | 330 | 149,633 | 121,158 |
| | 4,566 | 847 | 221,699 | 181,964 |
| Depreciation: | | | | |
| Freehold property | 1 | 1 | 6,628 | 5,465 |
| Leasehold property | | | | |
| 50 years or more unexpired | — | 8 | 104 | 108 |
| Short | 70 | 67 | 1,409 | 1,058 |
| | 71 | 76 | 8,141 | 6,631 |
| Mining leases and development | — | — | 9,985 | 6,556 |
| Plant, machinery and ships | 298 | 261 | 64,583 | 51,966 |
| | 369 | 337 | 82,709 | 65,153 |
| Net balance sheet value | 4,197 | 510 | 138,990 | 116,811 |
| Movements: | | | | |
| Net value at beginning of year | 510 | 283 | 116,811 | 82,267 |
| Exchange adjustments | — | — | 6,992 | 5,259 |
| New subsidiaries | — | — | 3,341 | 19,325 |
| Capital expenditure | 3,772 | 259 | 30,429 | 25,706 |
| Depreciation for year | (47) | (28) | (16,577) | (13,362) |
| Disposals | (38) | (4) | (2,006) | (2,384) |
| Net value at end of year | 4,197 | 510 | 138,990 | 116,811 |

At 30 June 1974, the fixed assets of the Group, before deducting depreciation, were made up as follows:

| | £'000 |
|---|---|
| At cost | 221,542 |
| By reference to a valuation in 1970 | 157 |
| | 221,699 |

## 15 Subsidiary companies

| | 1974 | 1973 |
|---|---|---|
| | £'000 | £'000 |
| Shares at cost less amounts written off | 144,209 | 141,209 |
| Advances less provisions | 41,197 | 37,368 |
| Amounts due | (1,812) | (1,501) |
| | 183,594 | 177,076 |

## 16 Associated companies

| | Parent 1974 £'000 | Parent 1973 £'000 | Group 1974 £'000 | Group 1973 £'000 |
|---|---|---|---|---|
| Quoted: | | | | |
| Gold Fields of South Africa Ltd – at cost | 8,314 | 8,314 | 26,967 | 25,605 |
| Other quoted outside the United Kingdom – at cost | | | 402 | — |
| Post acquisition retained profits | | | 15,343 | 5,524 |
| | | | 42,712 | 31,129 |
| Unquoted: | | | | |
| At cost | | | 1,918 | 445 |
| Post acquisition retained profits | | | 223 | 81 |
| | | | 44,853 | 31,655 |
| Stock exchange value of the quoted holdings | 70,776 | 55,652 | 167,211 | 129,310 |
| Directors' valuation of unquoted holdings | | | 2,141 | 526 |

The holdings by United Kingdom Group companies in Gold Fields of South Africa Ltd are regarded by the Bank of England as direct investments not ranking for sale through the investment currency market and the stock exchange value given does not therefore include any premium element in respect of such holdings

## 17 Investments, other than in subsidiaries and in associated companies

| | Parent 1974 £'000 | Parent 1973 £'000 | Group 1974 £'000 | Group 1973 £'000 |
|---|---|---|---|---|
| Quoted | 12,973 | 16,883 | 44,473 | 45,504 |
| Unquoted | 81 | 107 | 9,804 | 8,821 |
| Properties and ventures | 50 | 50 | 2,232 | 1,897 |
| | 13,104 | 17,040 | 56,509 | 56,222 |
| Stock exchange value of quoted investments | 153,416 | 120,544 | 197,445 | 166,841 |
| Directors' valuation of unquoted investments | 84 | 108 | 10,875 | 9,067 |
| Book value of investments quoted outside the United Kingdom | 844 | 2,109 | 20,027 | 20,478 |
| Proportion of surplus of stock exchange value of quoted investments over their book value attributable to outside shareholders in subsidiary companies | — | — | 513 | 1,239 |

## 18 Creditors

| | Parent 1974 £'000 | Parent 1973 £'000 | Group 1974 £'000 | Group 1973 £'000 |
|---|---|---|---|---|
| Creditors | 2,257 | 1,843 | 61,096 | 40,598 |
| Loans repayable within one year | 5,313 | 3,996 | 8,206 | 5,309 |
| Taxation, including United Kingdom Corporation Tax payable 1 January 1975 | 1,748 | 335 | 8,995 | 4,370 |
| Ordinary dividends – declared interim | 2,288 | 2,178 | 2,288 | 2,178 |
| – proposed final | 3,659 | 3,737 | 3,659 | 3,737 |
| | 15,265 | 12,089 | 84,244 | 56,192 |

## 19 Capital

| | 1974 £'000 | 1973 £'000 |
|---|---|---|
| Authorised: | | |
| 123,425,888 Ordinary shares of 25p each | 30,857 | 30,857 |
| 679,393 7% First cumulative preference shares of £1 each | 679 | 679 |
| 464,135 7% Second cumulative preference shares of £1 each | 464 | 464 |
| | 32,000 | 32,000 |
| Issued: | | |
| 107,347,820 Ordinary shares of 25p each – fully paid | 26,837 | 26,825 |
| 1,123,500 Ordinary shares of 25p each – 1% paid | 3 | 3 |
| 679,393 7% First cumulative preference shares of £1 each, fully paid | 679 | 679 |
| 464,135 7% Second cumulative preference shares of £1 each, fully paid | 464 | 464 |
| | 27,983 | 27,971 |

The partly paid Ordinary shares were issued under the Company's share incentive scheme

## 20 Reserves

**(a) Not available for distribution:**
In arriving at the figure included in the Group balance sheet, the excess of the cost of shares in subsidiary companies over the value of their net assets as adopted for balance sheet purposes at the dates of acquisition (less other non-distributable Group reserves) has been deducted as shown in the second column below:

| | Share premium of Parent Company £'000 | Deductions £'000 | As included in Group balance sheet £'000 |
|---|---|---|---|
| Balance at 1 July 1973 | 127,725 | 64,421 | 63,304 |
| Premium on shares issued during the year | 75 | | |
| Arising from alterations in exchange rates | | (4,319) | |
| Excess of cost of shares in subsidiaries acquired during the year over the value of their net assets at the dates of acquisition | | 4,658 | |
| Amount now considered to be distributable | | 4,105 | |
| Adjustments arising from amounts written off interests in subsidiaries and sundry items | | (459) | |
| Balance at 30 June 1974 | 127,800 | 68,406 | 59,394 |

**(b) Profits retained:**

| | Parent £'000 | Group £'000 |
|---|---|---|
| Balance at 1 July 1973 | 10,418 | 31,350 |
| Arising from alterations in exchange rates | — | 2,219 |
| Transfer from amount not available for distribution | — | 4,105 |
| Retained profit for the year – group companies | 8,596 | 19,121 |
| – associated companies | — | 9,355 |
| Balance at 30 June 1974 | 19,014 | 66,150 |

**(c) Summary:**

| | Parent £'000 | Group £'000 |
|---|---|---|
| Not available for distribution | 127,800 | 59,394 |
| Profits retained – group companies | 19,014 | 50,584 |
| – associated companies | — | 15,566 |
| **Total reserves as shown in balance sheets** | 146,814 | 125,544 |

## 21 Debentures and loans

| | Parent 1974 £'000 | Parent 1973 £'000 | Group 1974 £'000 | Group 1973 £'000 |
|---|---|---|---|---|
| Secured: | | | | |
| Bank loans | 2,487 | — | 3,674 | 1,445 |
| Other debentures and loans: | | | | |
| repayable either wholly or in part more than five years hence | — | — | 873 | 1,544 |
| repayable wholly within five years | — | — | 834 | 184 |
| | 2,487 | — | 5,381 | 3,173 |
| Unsecured: | | | | |
| $6\frac{1}{2}$% Loan Stock 1987/92 | 1,712 | 1,712 | 1,712 | 1,712 |
| $8\frac{1}{4}$% Loan Stock 1988/93 | 7,439 | 9,198 | 7,439 | 9,198 |
| $7\frac{3}{4}$% Loan Stock 1999/2004 | 3,543 | 3,543 | 3,543 | 3,543 |
| Bank loans | 27,342 | 27,579 | 41,010 | 32,875 |
| Other debentures and loans: | | | | |
| repayable either wholly or in part more than five years hence | — | — | 1,441 | 1,000 |
| repayable wholly within five years | — | — | 859 | - |
| | 42,523 | 42,032 | 61,385 | 51,501 |
| Territorial analysis: | | | | |
| United Kingdom | 41,404 | 42,032 | 50,300 | 48,804 |
| North America | 1,119 | — | 9,145 | 999 |
| Australasia | — | — | 1,940 | 1,698 |
| | 42,523 | 42,032 | 61,385 | 51,501 |

The interest rates on 'Other debentures and loans' included above, at 30 June 1974, ranged from 4% to $13\frac{1}{4}$% p.a. and repayments are due at varying dates up to 1989

## 22 Deferred liabilities

| | Parent 1974 £'000 | Parent 1973 £'000 | Group 1974 £'000 | Group 1973 £'000 |
|---|---|---|---|---|
| Taxation: | | | | |
| Deferred | — | — | 37,574 | 29,692 |
| United Kingdom Corporation Tax payable 1 January 1976 | — | — | 2,071 | 1,008 |
| Future overseas | — | 54 | 300 | 54 |
| Pensions | — | — | 543 | 270 |
| Long service leave | — | — | 1,086 | 749 |
| United Kingdom Regional Development Grants | — | — | 627 | 385 |
| Other | — | — | 407 | 63 |
| | — | 54 | 42,608 | 32,221 |

Deferred taxation has been arrived at after deducting United Kingdom Advance Corporation Tax which is considered to be fully recoverable

## 23 Secured liabilities

| | Parent 1974 £'000 | Parent 1973 £'000 | Group 1974 £'000 | Group 1973 £'000 |
|---|---|---|---|---|
| Debentures and loans | 2,487 | — | 5,381 | 3,173 |
| Creditors | — | — | 765 | 642 |
| Loans repayable within one year | 313 | 1,996 | 965 | 3,153 |
| Bank overdrafts | — | — | 8,584 | 8,821 |
| | 2,800 | 1,996 | 15,695 | 15,789 |

## 24 Borrowing powers

Included in secured liabilities (see note 23) are borrowings by the Tennant group of companies to provide export finance facilities for United Kingdom industry. To the extent that such borrowings are secured by a British Government department they are not required to be taken into account when determining the limitation placed by the Company's Articles upon the borrowing powers of the Group. At 30 June 1974, the total amount to be thus excluded was £3,247,000 (£5,851,000)

## 25 Contingent liabilities

| | Parent | | Group | |
|---|---|---|---|---|
| | 1974 | 1973 | 1974 | 1973 |
| | £'000 | £'000 | £'000 | £'000 |
| Guarantees: | | | | |
| in respect of borrowings by subsidiary companies | 19,505 | 7,693 | — | — |
| other | 329 | — | 11,017 | 7,156 |
| Obligations in respect of Mount Goldsworthy iron ore project | — | — | 4,791 | 4,440 |
| Uncalled capital on investments | — | — | 461 | 251 |
| | 19,834 | 7,693 | 16,269 | 11,847 |

## 26 Capital commitments

| | Parent | | Group | |
|---|---|---|---|---|
| | 1974 | 1973 | 1974 | 1973 |
| | £'000 | £'000 | £'000 | £'000 |
| Contracts for capital expenditure not provided for | 1,188 | — | 15,512 | 11,877 |
| Capital expenditure approved by the boards of the companies concerned, but for which contracts had not been placed | — | — | 7,934 | 6,843 |
| | 1,188 | — | 23,446 | 18,720 |

## 27 Additional information

Additional statutory information in compliance with the Companies Act 1967 will be found as follows:

Group turnover and profit – page 32

Principal subsidiary companies and principal interests of the Parent Company – included with the information on pages 36 and 37

# Report of the auditors

To the members of **Consolidated Gold Fields Limited**

In our opinion the accounts on pages 19 to 30 comply with the Companies Acts 1948 and 1967 and give, so far as concerns members of the Company, a true and fair view of the state of affairs of the Company and the Group at 30 June 1974 and of the profit of the Group for the year ended on that date. The accounts of certain subsidiaries and the associated companies have been audited by other firms.

London
8 October 1974

**Turquands Barton Mayhew & Co.**
Chartered Accountants

# Source and application of Group funds

| | 1974 £'000 | 1973 £'000 |
|---|---|---|
| **Source of funds** | | |
| Net income excluding profit retained by the associated companies | 31,821 | 19,980 |
| Depreciation of fixed assets | 16,577 | 13,362 |
| Unrealised investment depreciation and goodwill written off | 7,673 | 3,353 |
| Increase in long term debt | 7,688 | 5,208 |
| Increase in deferred liabilities | 7,305 | 8,801 |
| Sundry sources, including effect of exchange rate movements | 1,959 | 157 |
| | **73,023** | **50,861** |
| **Application of funds** | | |
| Dividends payable: by Parent Company | 6,003 | 5,985 |
| to outside shareholders of subsidiaries | 4,186 | 2,123 |
| | 10,189 | 8,108 |
| Expenditure on fixed assets, net | 28,423 | 23,322 |
| Investment in subsidiaries, net | 8,356 | (236) |
| Portfolio investment | 3,665 | 3,137 |
| Increase in net current assets | 22,390 | 16,530 |
| | **73,023** | **50,861** |

# Group turnover and profit

| | 1974 Turnover | 1974 Profit | 1973 Turnover | 1973 Profit |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Construction materials companies: | | | | |
| Sales of products and services | 117,721 | 10,929 | 95,920 | 10,551 |
| Industrial and commercial companies: | | | | |
| Sales of manufactured goods | 97,067 | 13,962 | 42,542 | 4,625 |
| Agency, financing and confirming sales | 110,706 | 284 | 80,389 | 482 |
| Mining companies: | | | | |
| Sales of products and services | 75,558 | 14,822 | 51,703 | 6,307 |
| Dividends on investments | 17,407 | 17,407 | 9,254 | 9,254 |
| Realisation of investments | 39,918 | 5,922 | 33,361 | 6,169 |
| Fees and sundry revenue | 4,672 | 4,672 | 2,480 | 2,480 |
| | 463,049 | 67,998 | 315,649 | 39,868 |
| Administration, technical and general expenses | | 4,778 | | 4,036 |
| Debenture and loan interest | | 6,980 | | 4,285 |
| Exploration expenditure written off | | 2,277 | | 1,216 |
| **Group turnover** | **463,049** | | **315,649** | |
| | | 53,963 | | 30,331 |
| Share of profit of associated companies | | 12,276 | | 4,555 |
| **Profit before taxation** | | **66,239** | | **34,886** |

# Analysis of Group revenue

| | Southern Africa | United Kingdom | Australasia | USA Canada | Total 1974 | Total 1973 |
|---|---|---|---|---|---|---|
| | % | % | % | % | % | % |
| Gold | 28 | – | – | – | 28 | 19 |
| Industrial, commercial and mining finance | 1 | 6 | 3 | 12 | 22 | 16 |
| Construction materials | – | 13 | – | – | 13 | 24 |
| Copper | – | – | 10 | – | 10 | 4 |
| Tin | – | 2 | 3 | – | 5 | 4 |
| Ilmenite, rutile and zircon | – | – | 4 | – | 4 | 5 |
| Platinum | 4 | – | – | – | 4 | 4 |
| Other sources | – | – | 1 | 3 | 4 | 9 |
| | 33 | 21 | 21 | 15 | 90 | 85 |
| Profit on realisation of investments | 13 | (2) | (2) | 1 | 10 | 15 |
| **Area totals** | **46** | **19** | **19** | **16** | **100** | **100** |

# Territorial distribution

| | | 1974 % | 1973 % |
|---|---|---|---|
| **Group assets** including stock exchange values for quoted investments | Southern Africa | 49 | 49 |
| | United Kingdom | 26 | 28 |
| **1974–£686 million** | Australasia | 17 | 16 |
| **1973–£536 million** | USA and Canada | 8 | 7 |

| | | 1974 % | 1973 % |
|---|---|---|---|
| **Profit from construction materials, industrial and commercial, and mining operations** | Australasia | 38 | 31 |
| | United Kingdom | 37 | 59 |
| **1974–£40.0 million** | USA and Canada | 25 | 10 |
| **1973–£22.0 million** | Southern Africa | — | |

| | | 1974 % | 1973 % |
|---|---|---|---|
| **Dividends on investments** | Southern Africa | 90 | 73 |
| | USA and Canada | 4 | 6 |
| **1974–£17.4 million** | Australasia | 3 | 16 |
| **1973–£9.2 million** | United Kingdom | 3 | 5 |

| | | 1974 % | 1973 % |
|---|---|---|---|
| **Profit on realisation of investments less unrealised depreciation** analysed by reference to the territory in which the company dealt in operates | Southern Africa | 148 | 116 |
| | USA and Canada | 6 | (29) |
| **1974–£5.9 million** | Australasia | (22) | 6 |
| **1973–£6.1 million** | United Kingdom | (32) | 7 |

| | | 1974 % | 1973 % |
|---|---|---|---|
| **Total revenue** including fees and sundry revenue and share of profit of associated companies | Southern Africa | 46 | 42 |
| | Australasia | 19 | 23 |
| **1974–£80.2 million** | United Kingdom | 19 | 33 |
| **1973–£44.4 million** | USA and Canada | 16 | 2 |

# Ten year financial summary

figures in £'000s

| | 1965 | 1966 | 1967 |
|---|---|---|---|
| **Earnings** | | | |
| **Revenue** | | | |
| Construction materials companies – net revenue | — | — | — |
| Industrial and commercial companies – net revenue | 1,406 | 1,282 | 1,527 |
| Mining companies – net revenue | 3,111 | 3,794 | 2,547 |
| Dividends on investments | 6,400 | 6,926 | 6,738 |
| Profit on realisation of investments | 2,068 | 2,340 | 2,680 |
| Fees and sundry revenue | 2,455 | 2,818 | 2,924 |
| | **15,440** | **17,160** | **16,416** |
| **Expenses** | | | |
| Administration, technical and general expenses | 2,955 | 3,224 | 3,590 |
| Debenture and loan interest | 880 | 1,330 | 1,595 |
| Exploration expenditure written off | — | — | — |
| | 11,605 | 12,606 | 11,231 |
| Share of profit of associated companies | — | — | — |
| **Profit before taxation** | **11,605** | **12,606** | **11,231** |
| Taxation | 4,035 | 3,674 | 3,621 |
| Net profit for the year | 7,570 | 8,932 | 7,610 |
| Attributable to outside shareholders | 1,303 | 1,689 | 1,372 |
| **Net profit attributable to members** | **6,267** | **7,243** | **6,238** |
| **Allocation of profit** | | | |
| Dividends paid (cost to Company) | 2,704 | 3,870 | 4,425 |
| Retained | 3,563 | 3,373 | 1,813 |
| | 6,267 | 7,243 | 6,238 |
| †Earnings per Ordinary share | 10.96p | 12.54p | 10.08p |
| †Dividends per Ordinary share | 4.56p | 3.86p | 3.89p |
| ‡Charged to investment and exploration reserve | 1,400 | 224 | 529 |
| **Capital employed** | | | |
| **Net assets** | | | |
| Fixed assets | 20,950 | 28,464 | 36,264 |
| *Associated companies (at book value) | — | — | — |
| *Investments (at book value) | 33,229 | 38,101 | 42,085 |
| Net current assets | 14,398 | 13,607 | 18,534 |
| | **68,577** | **80,172** | **96,883** |
| **Share capital, etc.** | | | |
| Capital | 16,500 | 16,500 | 17,625 |
| Group reserves | 21,264 | 24,411 | 31,025 |
| Outside shareholders' interests | 10,557 | 12,314 | 17,714 |
| Loan capital | 17,126 | 23,476 | 26,581 |
| Deferred liabilities | 3,130 | 3,471 | 3,938 |
| | **68,577** | **80,172** | **96,883** |
| *The excess of the stock exchange value of the quoted investments and of the investments in the quoted associated companies over their book values included above was | 46,964 | 58,057 | 60,494 |

†Adjusted in respect of increases in capital. As from April 1973, dividends are shown as declared under the present system net of imputation tax. For comparative purposes, earlier dividends have also been shown net of United Kingdom Income Tax

‡Prior to 1972, the figures reflect the charging of unrealised investment depreciation and exploration expenditure written off against reserves instead of against profits

| 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 |
|---|---|---|---|---|---|---|
| 397 | 1,702 | 2,810 | 3,895 | 4,804 | 10,551 | 10,929 |
| 2,062 | 2,497 | 3,158 | 1,901 | 2,301 | 5,107 | 14,246 |
| 4,052 | 6,682 | 11,067 | 7,884 | 6,245 | 6,307 | 14,822 |
| 7,778 | 8,125 | 9,383 | 6,401 | 5,391 | 9,254 | 17,407 |
| 4,701 | 8,007 | 6.279 | 5,301 | 4,145 | 6,169 | 5,922 |
| 3,671 | 4,646 | 4,572 | 1,634 | 1,041 | 2,480 | 4,672 |
| **22,661** | **31,659** | **37,269** | **27,016** | **23,927** | **39,868** | **67,998** |
| 4,301 | 5,083 | 5,499 | 3,481 | 3,825 | 4,036 | 4,778 |
| 2,013 | 3,232 | 3,995 | 3,511 | 2,975 | 4,285 | 6,980 |
| — | — | — | — | 973 | 1,216 | 2,277 |
| 16,347 | 23,344 | 27,775 | 20,024 | 16,154 | 30,331 | 53,963 |
| — | — | — | 2,799 | 3,060 | 4,555 | 12,276 |
| **16,347** | **23,344** | **27,775** | **22,823** | **19,214** | **34,886** | **66,239** |
| 5,020 | 8,678 | 10,479 | 8,722 | 6,688 | 13,473 | 25,063 |
| 11,327 | 14,666 | 17,296 | 14,101 | 12,526 | 21,413 | 41,176 |
| 2,295 | 3,580 | 4,579 | 2,761 | 2,296 | 2,370 | 6,697 |
| **9,032** | **11,086** | **12,717** | **11,340** | **10,230** | **19,043** | **34,479** |
| | | | | | | |
| 4,952 | 5,807 | 6,364 | 6,372 | 7,513 | 5,985 | 6,003 |
| 4,080 | 5,279 | 6,353 | 4,968 | 2,717 | 13,058 | 28,476 |
| 9,032 | 11,086 | 12,717 | 11,340 | 10,230 | 19,043 | 34,479 |
| 13.32p | 14.22p | 15.28p | 13.07p | 11.78p | 18.07p | 32.07p |
| 4.09p | 4.21p | 4.28p | 4.47p | 4.59p | 5.51p | 5.54p |
| 1,101 | 5,922 | 7,894 | 7,317 | — | — | |
| | | | | | | |
| 52,629 | 74,090 | 82,172 | 78,227 | 82,267 | 116,811 | 138,990 |
| — | — | — | 28,443 | 27,579 | 31,655 | 44,853 |
| 54,842 | 65,630 | 64,315 | 50,263 | 52,369 | 56,222 | 56,509 |
| 31,293 | 27,878 | 37,900 | 21,957 | 18,024 | 34,554 | 56,944 |
| **138,764** | **167,598** | **184,387** | **178,890** | **180,239** | **239,242** | **297,296** |
| 20,221 | 20,554 | 22,689 | 22,689 | 22,692 | 27,971 | 27,983 |
| 51,993 | 53,957 | 64,346 | 67,489 | 69,574 | 94,654 | 125,544 |
| 25,188 | 29,690 | 32,371 | 26,414 | 28,916 | 32,895 | 39,776 |
| 36,114 | 54,398 | 52,460 | 47,051 | 39,830 | 51,501 | 61,385 |
| 5,248 | 8,999 | 12,521 | 15,247 | 19,227 | 32,221 | 42,608 |
| **138,764** | **167,598** | **184,387** | **178,890** | **180,239** | **239,242** | **297,296** |
| | | | | | | |
| 150,382 | 111,936 | 92,465 | 103,624 | 169,028 | 219,518 | 277,471 |

# Principal subsidiaries and principal Group interests in which the equity interest exceeds 10%

| Country of incorporation and principal operations | Direct interests of CGF and subsidiaries (see Note 1) % | Direct interests of GFSA and its associated companies % | Beneficial interest of CGF in equity % | Principal activities |
|---|---|---|---|---|
| **South Africa** | | | | |
| **Gold Fields of South Africa Ltd** | 49‡ | – | 49 | Holding and mining finance |
| Gold Fields Mining and Development Ltd | – | 100 | 49 | Management and investment |
| Deelkraal Gold Mining Co Ltd | – | 100 | 49 | Developing gold mine |
| Blyvooruitzicht Gold Mining Co Ltd† | – | 13 | 6 | Gold mining |
| Doornfontein Gold Mining Co Ltd | 10‡ | 19 | 19 | |
| East Driefontein Gold Mining Co Ltd | 6‡ | 31 | 21 | |
| East Driefontein Gold Mining Combined Units | 76‡ | 5 | 79 | |
| Kloof Gold Mining Co Ltd | 10* | 30 | 25 | |
| Libanon Gold Mining Co Ltd | – | 30 | 14 | |
| Venterspost Gold Mining Co Ltd | – | 13 | 7 | |
| Vlakfontein Gold Mining Co Ltd | 5 | 18 | 13 | |
| West Driefontein Gold Mining Co Ltd | 11* | 21 | 21 | |
| Apex Mines Ltd | – | 46 | 15 | Coal mining |
| Gold Fields Cementation Mining Co Ltd† | – | 50 | 22 | Mining engineering |
| Glenover Phosphate Ltd | – | 100 | 39 | Phosphate mining |
| Kiln Products Ltd | – | 61 | 19 | Production of zinc oxide |
| New Witwatersrand Gold Exploration Co Ltd | – | 49 | 24 | Mining investment |
| Rooiberg Minerals Development Co Ltd | – | 38 | 13 | Tin mining |
| South African Quarry Industries Ltd† | – | 17 | 4 | Quarrying |
| South West Africa Co Ltd *(incorporated in the UK)* | 2 | 40 | 16 | Zinc and vanadium mining |
| Star Diamonds (Pty) Ltd | – | 100 | 17 | Diamond mining |
| Union Tin Mines Ltd | – | 30 | 9 | Tin mining |
| Vierfontein Colliery Ltd† | 14* | – | 14 | Coal mining |
| Vogelstruisbult Metal Holdings Ltd | 4‡ | 65 | 30 | Base metal investment |
| Waterval (Rustenburg) Platinum Mining Co Ltd | 45* | 1 | 45 | Holding company–platinum |
| Witwatersrand Deep Ltd | – | 76 | 37 | Investment |
| Zinc Corporation of South Africa Ltd | – | 65 | 21 | Zinc smelting |
| GF Industrial Holdings Co Ltd | – | 100 | 44 | Holding company |
| A Chalmers & Co (Pty) Ltd | – | 98 | 44 | General engineering |
| Hunslet Taylor Consolidated (Pty) Ltd | – | 93 | 41 | Locomotives, mining equipment |
| BTR South Africa Ltd† | – | 17 | 8 | Industrial |
| Gold Fields Property Co Ltd | – | 53 | 24 | Holding company |
| New Durban Gold and Industrials Ltd | – | 100 | 24 | Property |
| Westcott and Associates Ltd† | – | 50 | 12 | Construction |
| Woodhaven Ltd | – | 88 | 22 | Residential development |

| Country of incorporation and principal operations | Direct interests of CGF and subsidiaries (see Note 1) % | Direct interests of GFSA and its associated companies % | Beneficial interest of CGF in equity % | Principal activities |
|---|---|---|---|---|
| **Australasia** | | | | |
| **Consolidated Gold Fields Australia Ltd** | 68 | – | 68 | Finance and management |
| Associated Minerals Consolidated Ltd | 63 | – | 41 | Rutile and zircon mining |
| Bellambi Coal Co Ltd | 68 | – | 46 | Coal mining and coke production |
| Commonwealth Mining Investments (Australia) Ltd | 60 | – | 41 | Mining investment |
| Goldsworthy Mining Ltd† | 33 | – | 23 | Iron ore mining |
| Gunpowder Copper Ltd | 70 | – | 48 | Copper mining and exploration |
| Lawrenson Alumasc Holdings Ltd | 50 | – | 34 | Aluminium and plastic products |
| Lion Properties Pty Ltd | 100 | – | 68 | Property development |
| Mount Lyell Mining and Railway Co Ltd | 56 | – | 38 | Copper mining |
| North-West Acid Pty Ltd† | 50 | – | 19 | Sulphuric acid production |
| OT Lempriere & Co Ltd† | 21 | – | 14 | Tin smelting |
| Pancontinental Mining Ltd† | 12 | – | 8 | Uranium exploration |
| Renison Ltd | 68 | – | 32 | Tin mining |
| Western Titanium Ltd | 85 | – | 56 | Ilmenite mining |
| Zip Holdings Ltd *(incorporated in New Zealand)* | 51 | – | 35 | Domestic hardware |

| Country of incorporation and principal operations | Direct interests of CGF and subsidiaries (see Note 1) % | Beneficial interest of CGF in equity % | Principal activities |
|---|---|---|---|
| **United Kingdom and Europe** | | | |
| **Gold Fields Mining & Industrial Ltd** | 100* | 100 | Holding and finance |
| Alumasc Ltd | 100 | 100 | Aluminium products |
| Alumasc (Luxembourg) SA *(incorporated in Luxembourg)* | 100 | 100 | |
| Amey Roadstone Corporation Ltd | 100* | 100 | Quarrying, sand and gravel, coated stone and concrete |
| Amey Roadstone Construction Ltd | 100 | 100 | Civil engineering |
| ARC Concrete Ltd | 100 | 100 | Concrete products |
| ARC Marine Ltd | 100 | 100 | Marine aggregates |
| Comben Longstaff & Co Ltd | 100 | 100 | Shipping |
| Greenwoods Transport Ltd | 100 | 100 | Transport and warehousing |
| A/S Bjolvefossen† *(incorporated in Norway)* | 27 | 27 | Ferro-alloys |
| British-Borneo Petroleum Syndicate Ltd† | 22 | 22 | Holding and finance |
| Mining & Industrial Holdings Ltd | 100 | 100 | Investment |
| Mining and Metallurgical Agency Ltd | 50 | 50 | Marketing and general agency |
| C Tennant, Sons & Co Ltd | 100* | 100 | Holding and finance |
| Close Brothers Ltd | 100 | 100 | Banking |
| Tennant, Budd & Roderic Pratt Ltd | 70 | 70 | Insurance |
| Tennant Guaranty Ltd | 100 | 100 | Export finance |
| Tennant Trading Ltd | 100 | 100 | Trading and general agency |
| Wheal Jane Ltd | 100‡ | 100 | Tin mining |

| | | | |
|---|---|---|---|
| **United States of America** | | | |
| **Gold Fields American Corporation** | 100 | 100 | Management |
| Azcon Corporation | 85‡ | 85 | Steel stockists, drilling equipment |

| | | | |
|---|---|---|---|
| **Canada** | | | |
| **Newconex Holdings Ltd** | 60 | 60 | Finance and management |
| Newconex Canadian Exploration Ltd | 100 | 60 | Mining exploration |
| Vancouver Equipment Corporation Ltd | 100 | 60 | Plant sales |

**Notes**

1 *(a)* Those interests marked * are held by CGF.

*(b)* Of the interests marked ‡ the following percentages are held by CGF with the balance being held by wholly-owned subsidiaries:

| | |
|---|---|
| Gold Fields of South Africa Ltd | 24% |
| Doornfontein Gold Mining Co Ltd | 9% |
| East Driefontein Gold Mining Co Ltd | 5% |
| East Driefontein Gold Mining Combined Units | 74% |
| Vogelstruisbult Metal Holdings Ltd | 3% |
| Wheal Jane Ltd | 20% |
| Azcon Corporation | 13% |

*(c)* All other interests are held by subsidiaries.

2 All the companies in the schedule are administered by the Group except those marked †.

# Other Group interests

in which 10% or less of the equity capital is held but where the Stock Exchange value of the holding at 30 June 1974, was in excess of £250,000

| Australia | Principal activities |
|---|---|
| Broken Hill Proprietary | Iron, steel, oil and gas |
| ICI Australia | Chemicals |
| Woodside-Burmah Oil | Oil and gas exploration |

| Canada | |
|---|---|
| Dome Petroleum<br>Home Oil<br>Imperial Oil | Oil and gas |
| Falconbridge Nickel Mines<br>International Nickel Company of Canada | Nickel mining |
| Alcan Aluminium | Aluminium |
| Pine Point Mines | Lead and zinc mining |
| Placer Development | Mining finance |
| Rio Algom Mines | Uranium mining and steel |

| South Africa | |
|---|---|
| Buffelsfontein Gold Mining<br>Elsburg Gold Mining<br>Grootvlei Proprietary Mines<br>Harmony Gold Mining<br>Randfontein Estates Gold Mining<br>St Helena Gold Mines<br>Vaal Reefs Exploration and Mining<br>Western Areas Gold Mining<br>Western Deep Levels<br>Western Holdings<br>Winkelhaak Mines<br>Zandpan Gold Mining | Gold mining |
| Middle Witwatersrand (Western Areas)<br>Union Corporation | Mining finance |
| Potgietersrust Platinums<br>Union Platinum Mining | Holding company—platinum |
| Consolidated Murchison | Antimony |

| United Kingdom and Europe | |
|---|---|
| British Petroleum<br>'Shell' Transport and Trading<br>Ultramar | Oil and gas |
| Beralt Tin and Wolfram | Tin and wolfram mining |
| English China Clays | China clay producers |
| Johnson Matthey | Precious metals |
| London Brick | Brick manufacturer |
| London & Overseas Freighters | Shipping |
| Redland | Concrete products |

| United States of America | |
|---|---|
| Atlantic Richfield<br>Exxon<br>Mobil Oil<br>Phillips Petroleum<br>Sedco<br>Shell Oil<br>Standard Oil (Indiana)<br>Standard Oil (Ohio)<br>Union Oil<br>Western Co | Oil and gas |
| Bethlehem Steel<br>Republic Steel<br>Wheeling-Pittsburgh Steel | Steel |
| Cyprus Mines | Base metals |
| St Joe Minerals | Lead and zinc mining |

# Directors' interests

including family interests

**Consolidated Gold Fields Limited** - Ordinary shares of 25p each

| | 30 June 1974 partly paid | *1 July 1973 partly paid* | 30 June 1974 fully paid | *1 July 1973 fully paid* |
|---|---|---|---|---|
| J D McCall | 30,000 | *30,000* | 1,000 | *1,000* |
| G J Mortimer | 30,000 | *30,000* | 1,500 | *1,500* |
| M E Rich | 30,000 | *30,000* | 1,099 | *1,099* |
| R I J Agnew | 10,800 | *10,800* | 100 | |
| R W Amey | — | — | 473,895 | *602,895* |
| Major-General J H S Bowring | — | — | 1,221 | *1,221* |
| W J Busschau | — | — | 1,000 | *1,000* |
| Viscount Caldecote | — | — | 222 | *222* |
| J B Davis | 15,000 | *15,000* | 555 | *555* |
| Lord Denman | 19,100 | *19,100* | 900 | *900* |
| Lord Erroll of Hale | — | — | 483 | *483* |
| D O Lloyd-Jacob | 10,500 | *10,500* | 100 | — |
| A Louw | — | — | 121 | *121* |
| Sir Brian Massy-Greene | — | — | 527 | *527* |
| B C Ryan | — | — | 100 | *100* |
| W Mason Smith | — | — | 400 | *400* |
| J R A M Storar | — | — | 333 | *333* |
| R L Whiting | 17,000 | *17,000* | 111 | *111* |
| A R O Williams | — | — | 1,240 | *840* |

**Notes**

1 All the interests in Ordinary shares shown above at 30 June 1974 were beneficial.

2 The partly paid Ordinary shares of the Company were allotted under the terms of the share incentive scheme approved in General Meeting on 23 November 1971. The shares, which are 1% paid, carry neither dividend nor voting rights and cannot be transferred until they are fully paid.

3 On 27 September 1973, the date they were appointed Directors, R I J Agnew was beneficially interested in 10,800 partly paid Ordinary shares in the Company and D O Lloyd-Jacob was beneficially interested in 10,500 partly paid Ordinary shares in the Company.

4 Subsidiary companies:
Throughout the year W Mason Smith held a beneficial interest in 300 shares of US $1 each in Azcon Corporation.
At 30 June 1974 Sir Brian Massy-Greene was beneficially interested in 6,350 shares of Aus $1 each in Consolidated Gold Fields Australia Ltd, compared with 8,200 at 1 July 1973, and in 266 stock units of Aus $1 each in Commonwealth Mining Investments (Australia) Ltd, which interest was acquired during the year.

5 Except as stated above, the Directors have no interests in the shares or debentures of any subsidiary company or in the First or Second preference shares of the Company or in its 6½%, 7¾% or 8¼% Unsecured loan stocks.

6 Between 30 June 1974 and 25 September 1974 the Directors' interests as shown above remained unchanged.

# Company calendar 1974

| | | |
|---|---|---|
| **Ordinary shares** | | |
| Interim dividend | Declared<br>Paid | 26 March<br>1 July |
| Final dividend | Recommended<br>Payable (to Shareholders on the register on 1 November) | 8 October<br>16 December |
| **Preference shares** | | |
| 7% first cumulative<br>7% second cumulative | Dividends<br>Dividends | 1 January and 1 July<br>1 April and 1 October |
| **Unsecured loan stocks** | | |
| $6\frac{1}{2}$% 1987/92<br>$8\frac{1}{4}$% 1988/93<br>$7\frac{3}{4}$% 1999/2004 | Interest | 31 March and 30 September |
| **Half year results** | Announced | 26 March |
| **Full year results** | Announced | 8 October |
| **Annual Report** | Issued | 25 October |
| **Annual General Meeting** followed by an **Extraordinary General Meeting** | Chartered Insurance Institute<br>20 Aldermanbury<br>London EC2 | 19 November at 11.30 am |
| **Chairman's statement** | Delivered<br>Distributed | 19 November<br>22 November |

# Group offices overseas

### Australia

**Consolidated Gold Fields Australia Limited** — Chairman

Gold Fields House Sydney Cove Sydney — Sir Brian Massy-Greene

### Canada

**Newconex Holdings Limited** — President

Toronto-Dominion Centre Toronto — W A Robinson DSO

### South Africa

**Gold Fields of South Africa Limited** — Chairman

75 Fox Street Johannesburg — A Louw

### United States of America

**Gold Fields American Corporation** — President

Bankers Trust Building 280 Park Avenue New York — J H Nicholls



*Printed in England by Westerham Press*

# Consolidated Gold Fields Limited

THE CHAIRMAN'S REVIEW FOR 1974

# *Consolidated Gold Fields Limited*

## A REVIEW BY THE CHAIRMAN
## MR. DONALD McCALL

AT THE ANNUAL GENERAL MEETING OF THE COMPANY
ON 19th NOVEMBER 1974

On behalf of the Board may I extend to you all a warm welcome, at this the 87th Annual General Meeting of our Company.

At the end of this Meeting, Mr. A. R. O. Williams is retiring from the Board, having reached the age of 70. After many years' service with the Group in South Africa, and later as Consulting Engineer here in London, Mr. Williams was appointed a Director in 1955. We shall miss him as a friend, and as a colleague of wide experience.

Earlier this year Mr. H. A. Mackay retired from the Board, and I would like to express our appreciation of the very valuable service he gave to the Group in the 15 years he was with us, and particularly during the 5 years in which he served as a Director.

### GROUP FINANCIAL RESULTS

This time last year I said that your Board believed that we would continue to move ahead from the record results of 1973, and it is therefore pleasing to report that in the year under review our net profit increased by some 80 per cent, to a little over £34 million.

This advance was due to significant improvements in most of our main sources of revenue. In particular, income from our industrial and commercial companies almost trebled, largely due to the expansion of interests in the United States of America; profits from our mining subsidiaries more than doubled, largely due to the higher prices of copper and tin, while revenue from our gold interests, both through dividends and through our associated company in South Africa, also more than doubled.

A notable feature of the year was the volatile price of gold, which fell to $90 per ounce in November, rose to a peak of $180 in April before coming back to approximately $140 per ounce in June.

These swings were reflected to a large extent in corresponding movements in the gold sector of the stock market, in contrast to the continuous fall in most other sections, with the result that while the profit on our sales of gold shares was considerably higher than in the previous year, after providing for unrealised depreciation in sectors other than gold, net revenue from this source was virtually the same as in the previous 12 months.

Apart from the amount put back into gold stocks, the reinvestment of funds derived from share-dealing operations was mostly directed to those energy and mining shares in the United States which on a long-term view were considered to be undervalued, and to certain energy and industrial shares in the United Kingdom.

At 30th June, the Stock Exchange value of our quoted investments totalled £364 million; £68 million higher than at the end of the previous year while total assets increased by 28 per cent to £686 million.

Distributions for the year, if the recommended final dividend is approved, will represent an increase of 5 per cent, which is the maximum permitted under the Government's policy of restraint. The partial lifting of this restriction announced by the Chancellor in July cannot, unfortunately, be applied to our 1973/74 accounts. In consequence of the higher earnings and this limitation on dividends, the reserves of both the Group and the parent company have been considerably strengthened. Of the profit before tax of £66 million, 43 per cent is being retained in the Group, 38 per cent absorbed by taxation, 10 per cent is attributable to outside shareholders, leaving only 9 per cent of the pre-tax profits for distribution among our 50,000 shareholders, several of whom are the large institutions who are holders on behalf of pensioners and small savers throughout the country.

## UNITED KINGDOM

Turning to the Group's operations, our interests in the United Kingdom met with varied fortunes.

All were hit by the 3-day week, but throughout that period, whether in London or elsewhere, it was soon apparent that the Group's employees were determined to minimise disruption, and in total our revenue in this country showed a small increase at approximately £15 million.

Amey Roadstone Corporation, our largest interest in Britain, experienced a difficult year. Turnover increased by 17 per cent but net profit fell by 37 per cent to £3.4 million. This decline, despite considerable capital expenditure during the year, was due to several factors, but especially to rising costs, the constraint of price controls and some contraction in demand for the company's products. Of the turnover of £118 million, 23 per cent related to production of sand, gravel, and stone, 40 per cent to Government road-building contracts, and the balance spread over many items, the more important of which were ready-mixed concrete and the manufacture of concrete pipes.

Prospects for the construction industry in the current year must be viewed against the economic

outlook for Britain as a whole. The Government has already imposed severe cuts in expenditure on construction generally, and the reorganisation of local government has further disrupted programmes very considerably. The relaxation of price controls, and tax relief regarding stocks, announced in the Budget last week, should help to a small extent. But, of much greater importance is the present lack of confidence in private sector housing and in investment generally. These factors, together with the squeeze on profit margins, have meant a serious decline in the funds available for the proper development of Amey Roadstone, which has been compelled to review its earlier programmes. With great reluctance, it is now proving necessary to curtail certain operations, and this company has reduced its proposed capital spending in the United Kingdom on new buildings, plant, etc, this year by more than £6 million, to a figure less than half that in 1973/74.

Nevertheless, if the country is to have the houses, the hospitals and the roads it needs, demand for this company's products must recover, and although the outlook for the current year is of much concern to us, the mineral reserves we now own will stand us in good stead in the long run.

At Wheal Jane, our tin mine in Cornwall, results were affected by higher costs and a fall in the grade of ore mined, but these factors were more than offset by the increase in the tin price and tonnage treated, resulting in a profit of £1.3 million. Every effort is being made to limit the effects of the continuing rise in costs and increased smelter charges, but, with the recent fall in the tin price, lower profits must be expected in the current year.

In Northamptonshire, despite higher costs of wages, stores and aluminium, our industrial subsidiary Alumasc Limited had a splendid year. Turnover increased, mainly in connection with its business in the brewing industry, and with this company's high reputation for quality and service the prospects continue to be encouraging. Production facilities at the existing factory are fully stretched, and a new plant is now being established in Derbyshire. Last year I referred to the factory in Luxembourg, where recent extensions have now been completed and whose order book is building up well, particularly in regard to its manufacture of aluminium cladding, used to face the outside walls of buildings, as illustrated in our Annual Report. Alumasc is a leader in the development of this attractive design method, which we believe has a great future.

In the Tennant Group, the metal trading subsidiary had an exceptionally good year, reflecting higher commodity prices and the level of industrial activity, but the export finance business again suffered from the further rise in interest rates. With a view to strengthening the management team and to give support in both its commercial and financial activities, earlier this year Tennants acquired the London & Western Trust Company, whose business is that of merchant banking and the provision of financial advisory and investment services, and I would like to take this opportunity of welcoming its staff to the Group.

## SOUTH AFRICA

Excluding profits from the realisation of investments, amounting to 13 per cent, our interests in South Africa contributed one-third of Group revenue. Of this amount, some 85 per cent was derived from gold and 13 per cent from platinum.

As a commodity with strong monetary associations gold is almost unique, and over the past 12 months, with the problems which have confronted the economies of the world, it has again resumed increasing significance in this field. The first half of 1973 was a boom period in many parts of the world, but by the autumn growth was beginning to falter. This was followed by the oil embargo, and the escalation in fuel prices, at a time when some countries were also faced with prolonged labour disputes and a downturn in production. The swing from boom to recession was accompanied by accelerating inflation almost everywhere.

These developments had a heavy impact on the gold market, where the price rose to a peak in April. In an ideal world in which inflation and political upheaval were absent, newly-won gold might be used almost exclusively for its decorative properties in jewellery, and for its physical and chemical properties in industry. Indeed, this was the case as recently as two years ago, but today gold is finding itself increasingly restored to its historic role, that of a true store of value.

In the international scene, it may appear that gold is under a continuing threat of demonetisation, and yet few central banks seem anxious to sell, and indeed from time to time appear more keen to buy. Moreover, the immediate effect of the quadrupling of oil prices earlier this year has been to throw the whole international payments system into some confusion, and to put a vast accumulation of dollar and other foreign exchange into the hands of the oil-producing countries. Whether, as their balances rapidly increase, these countries will seek a degree of convertibility into gold, one cannot say, but normal prudence in spreading a risk would suggest that as these huge reserve holdings build up they may well seek to enlarge the gold content. It continues therefore to be of great significance to this company that we are so closely associated with the production of a commodity which, in addition to its place in the art world going back thousands of years, is still today the traditional refuge of governments and individuals alike in times of economic uncertainty.

It is against this background that we believe that our large interests in South Africa will for a long time continue to be amongst our most valuable investments.

In my letter of 27th September, shareholders were informed of our full support of the offer which had been made by Gold Fields of South Africa for the equity of Union Corporation Limited, the South African mining finance company. Since that date, an improved offer was made on 23rd October, and it is our belief that a merger of these two companies, through the combination of their financial and technical strengths, would be to the advantage of all shareholders.

With regard to our platinum interests, revenue from this source nearly doubled, due to increased sales by the Rustenburg mine and to a strengthening of the metal price.

In recent months, however, the platinum market has tended to weaken. Requirements for motor-car exhaust systems in the United States for 1975 models have fallen below some of the earlier forecasts, following the development of techniques requiring less platinum for the converters. Moreover, sales of the 1975 model cars have been badly affected by the economic slowdown.

In Japan, it has been decided that converters will not now need to be fitted before 1976, instead of by April 1975. In addition, due to the severe economic recession in that country, where there has been an extensive use of platinum in jewellery, demand for the metal is now running below last year's level.

While we continue to have faith in our platinum interests in the long run, and there has been little Russian selling in the past few months, the outlook in the near-term is difficult to forecast.

I would now like to refer to the subject of African wages and conditions of employment, which is a matter which has received much publicity over the past 18 months. From questions we received at the time of the House of Commons enquiry in May 1973, it was apparent that there was a great deal of misunderstanding on this very real issue, and it was for that reason that in January of this year we circulated to shareholders a brochure entitled 'African Mineworkers'. In this booklet we endeavoured to portray in a factual and straightforward manner, and without claiming that everything was perfect, varying aspects of the lives of Africans working on the mines, and I am glad to say that from the many letters of acknowledgement it was clear that it was well received.

In my Review twelve months ago I referred to the fact that the average earnings of African labour on Group mines had doubled over the previous three years, and that further increases were in the pipeline, but that questions of job opportunity and training were, in our view, of equal or greater importance for the advancement of the African.

I now want to tell you something of what has been accomplished in these matters since we last met, on the mines themselves; by our associated company in Johannesburg, and through plans initiated here in London.

On the mines, the average earnings of the African workers have further increased by over 80 per cent since June 1973, and they will be going up again sharply next month, when the minimum rate for the underground worker is to rise by another 33 per cent. This very rapid advance in pay over recent years is not at present reflected in more labour coming forward to the mining industry, and indeed the reverse seems to be the case. The higher the remuneration the more quickly do some of the workers achieve the level of savings they want, and so return more quickly to their homelands. Nonetheless, the big changes we are seeing in African wages, particularly where related to increased responsibility, have our full support.

With regard to training, following the agreement last year with the White trade unions, substantial new facilities for the African have been established. Courses of instruction on the mines now cover a wide range, from technical operations to leadership training, nursing and so on. Again, on the mines themselves, it is I think of interest that during the year well over 600 children of African employees received free schooling.

In the area of communication, between management and African employees, the introduction of special liaison committees is providing the opportunity for regular discussion on a wide range of employment conditions.

In Johannesburg, our associated company, in addition to providing bursaries for the education of children of their Head Office employees, and funds for various educational charities, completed improved facilities in January this year of a section of the Technical Institute in Lesotho for African artisans. The Gold Fields Group has also commenced negotiations with the Lesotho authorities to provide the capital cost of new buildings and equipment to replace all the existing

installations, and to provide instructors and certain running costs, until the whole Institute is re-established and viable.

Here in London, following the substantial benefits we have already received, and those we expect in the future, as a result of the higher gold prices I have referred to, we have decided, provided we find suitable projects, to launch a £3 million scheme for the training and advancement of Africans in those areas in which we operate, and from which the mines draw their labour. It is intended that this very major project, to which we are already committed in principle for an amount of £1.5 million, will for the most part be directed towards the provision of facilities for technical training for the African, for whom, in many parts of Southern Africa, there are relatively few well-paid employment opportunities for the unskilled.

Gold Fields of South Africa are advising us on the specific areas we should consider, and on the facilities most required. We believe that this programme, which will cover the next few years depending on how further individual projects present themselves, will go some way towards meeting the educational needs inherent in the transition of African youth, from an agrarian background to modern industrial life. Projects we have already assisted financially under this scheme during the last few months include the further extension to the existing Technical Institute in Lesotho, a secondary school in Botswana, and post-primary education in the African township of Soweto, near Johannesburg.

## AUSTRALIA

Group revenue from our Australian interests, despite a steep rise in costs, and labour disputes at certain operations, rose by 50 per cent to over £15 million, reflecting higher demand for the minerals produced and an improvement in commodity prices generally. However, due to a substantial increase in both taxation and the amounts attributable to outside shareholders, largely in respect of Mount Lyell and Renison, the contribution to our net profit rose by only £1 million.

At Mount Lyell, where the former open-pit operations have ceased and all work is now underground, production was increased, and with the high copper prices profits showed a dramatic improvement.

At the Gunpowder mine, in spite of the worst floods in Queensland's history, which completely disrupted operations for three months, good progress was made in developing the property and the production of copper rose to 7,000 tons. Diamond drilling on this project has been encouraging in terms of both tonnage and grade. Subject to the copper price, which has halved over the past six months, there are grounds for some optimism regarding the future of this mine. A start has been made on a programme designed to double output by 1977.

Of the Group's heavy mineral producers, Associated Minerals had a very good year, and with higher output and the improvement in commodity prices, doubled its profit. At Western Titanium plans are now in hand to develop its deposits north of Perth, at Eneabba, at a cost of £13 million, and production of rutile, zircon and ilmenite is expected to start in 1977. The ilmenite up-grading

plant at Capel, south of Perth, to which I referred last year, was recently completed on time and is now running satisfactorily, with an encouraging outlook in the market-place.

Our Australian company recently opened an office in Manila, and an exploration programme on certain copper and gold prospects is now under way in this area of the Philippines.

Looking at our Australian interests for the current year, we are faced with many imponderables, including the present weakness in metal prices, galloping inflation and harsher taxation measures for the mining industry. In his Budget Speech in September the Australian Treasurer announced the withdrawal of the exemption from tax on 20 per cent of the income derived from the production of certain minerals. It was also announced that expenditure on mine development, which had previously been deductible for tax purposes as and when incurred, would henceforth be deductible over the life of the mine or over 25 years, whichever was the less. The predominant effect of these new measures must be a reduction in mining companies' liquidity, which may not only have an impact on existing operations but may necessitate deferment of new projects. On the other hand, the 2½ per cent reduction in company taxation, announced last week, will be of some benefit, as will the recent 12 per cent devaluation of the Australian dollar against the US dollar, bearing in mind that almost the whole of the Group's products are exported and any currency realignments particularly affect our interests in iron, copper and tin. However, this benefit from devaluation will be much reduced on conversion of the revenue of the Australian group into sterling.

With regard to iron-ore, our Mount Goldsworthy venture had a very lean year, due to cost increases and previous currency revaluations, but I am glad to say that the Australian iron-ore producers were recently successful in negotiating more realistic prices with the Japanese steel mills which, together with the devaluation I have mentioned, should make a considerable difference to Mount Goldsworthy's profitability in the current twelve months.

## NORTH AMERICA

In the United States our operations had a year of outstanding achievement. Azcon Corporation, in which we hold an 85 per cent interest, increased its net earnings from £1.7 million to £8.9 million, and in so doing eliminated more than two-thirds of its remaining tax loss carry-forward. This company has come a long way since the problems we experienced in the former American Zinc operations, and it has now become a leading metal distributor in America.

During the year there was a shortage of many types of steel throughout the United States, and the metal distribution industry was highly profitable. Such shortages are now being alleviated, but I am happy to say that the most recent results of Azcon continue to be encouraging.

The world-wide scarcity of steel during the past year has been symptomatic of a longer-term shortage of production capacity. This has come about because the returns on investment by steel companies have for many years failed to generate adequate funds for re-investment, and in view of the high cost of new plant, attention is now being given to less capital-intensive methods of making steel.

In considering our own position in the industry, the advantages of Azcon itself making a proportion of its steel requirements became apparent some while ago, and it seemed desirable to acquire management and technology in low-cost electric steel-making. Accordingly, in July this year, Azcon purchased the Steel Service Company of Nashville, Tennessee, which operates a mini-mill producing 100,000 tons of steel per annum, at a cost of £8.8 million, inclusive of assumed debt. This acquisition will not only give Azcon a profitable investment in itself, but it also brings into the Group a management team of high calibre capable of supervising any further expansion. At the present time all current output by the mini-mill is absorbed locally, but on completion of a programme now in hand to increase output to 160,000 tons per annum, some tonnage should become available to our own distribution network. Although Azcon will once again become a tax-payer this year following the elimination of the balance of its earlier tax losses, we expect this company to continue to contribute an increasing proportion of our Group earnings in the future.

In Canada, Newconex maintained its exploration activities, but we have nothing of significance to report on this work at the present time. However, the sharply increased mining taxation recently imposed in many provinces, unless modified, must act as a strong disincentive to the search for new mineral deposits, and we shall have to review our policy in the coming months if no changes are made.

The investment portfolio of Newconex suffered during the year in line with the fall in the North American share markets generally. We were, however, encouraged by the improving trend in the profits of the Vancouver Equipment Corporation, whose distribution business has developed well. Further small acquisitions in this same field are at present under discussion with the Canadian Foreign Investment Review Agency. We hope to build up larger interests in equipment sales and servicing, for the Canadian natural resource industry, by acquisition and growth from within.

## OUR RESPONSIBILITIES

And now I would like to make some reference to attitudes expressed from time to time regarding large multi-national or international companies, and I regard Gold Fields as in the latter category. It is sometimes implied that large companies necessarily mean monopolies, and that United Kingdom companies with interests overseas do not contribute to the well-being of Britain; that we are glad to receive Government grants, but because most of our income is derived abroad we pay no United Kingdom taxes. That we export funds to develop our foreign investments and do not help the country's balance of payments.

I do not believe in size for its own sake, but it is undeniable that for a mining finance company to be successful, and to have an ongoing life, it must necessarily be substantial in order to raise the vast sums required to produce the minerals consumed in our everyday life, and to be able to call on the skills necessary to manage such operations. With most of the rich and shallow deposits in the world having already been discovered, future production of the metals and minerals we all need will have to come from increasingly large and relatively lower-grade deposits, requiring an expenditure of anything up to perhaps £150 million before operations even begin. On the question

of monopolies, although 75 per cent of our assets are outside this country, none of our larger operating subsidiaries overseas is wholly owned, reflecting our belief in competition and free enterprise rather than monopoly power.

On the point that international companies such as ourselves do not pay their way at home, I would like to give you a few figures. Over the past 3 years we have received Government grants, in this country, totalling just under £2½ million. During the same period we have paid in taxes, in this country, over £11 million. Indeed, this contribution to the Inland Revenue, which excludes over £6 million in Value Added Tax, would have been considerably higher were it not for the fact that during the same period we have invested considerable sums in Britain, over and above normal replacement expenditure. Your Company is not kept profitable by public subsidy.

As to the Company's contribution to the United Kingdom's balance of payments, this has been rising steadily and for the past year alone amounted to over £25 million. This may be modest, but it is growing and it is a figure in which we take some pride.

With regard to investment abroad over the same 3 years, Group expenditure has amounted to £53 million, and while we look forward to a healthy return on this expenditure in the form of dividends to be received from the overseas countries concerned, the whole of the £53 million was financed offshore, and involved no remittances from Britain.

On other issues of our responsibilities, I would say this. I believe our first duty is to our shareholders, in the sense that we should strive to make the funds entrusted to us as secure and as profitable, on a long-term basis, as we can. Let there be no humbug about profits. We all know that if they are inadequate to provide for the proper maintenance of assets, and at the same time provide a reasonable return to those whose money is at risk, no enterprise will live for long, nor be able to remain an employer of labour. It will run down and close down.

We have, of course, in addition, particular responsibilities to our employees, to the communities in which we work, and to the environment generally. These are matters of which the Board is keenly aware, and to which we pay due attention, I hope in the right balance and to the best advantage of all. I would like to think that this Company, both in those areas in which it exercises full control and in those in which we exercise due influence, stands high by reference to its performance in these matters.

## PROSPECTS

At 30th June, our net worth per share was 398p, and for the 12 months the earnings per share, at 32p, were 77 per cent higher than in the previous year.

In the past I have endeavoured at this Meeting to indicate the current prospects of the Company, but on this occasion it is more difficult than usual.

In this country we are beset by problems, many of which, as a nation, we have brought upon

ourselves. These I believe could be, and ultimately will have to be resolved, by every man and woman doing a fair day's work if we want a fair day's pay. Whatever our politics, we would be foolish to rely on National Enterprise Boards, Planning Agreements, and so on, to save us. Either we work, or we sink.

Overseas, in South Africa the major factors are increasing costs measured against the future price of gold; in Australia the general level of base metal prices, and in North America our ability to ride some recession in the steel industry.

In these circumstances I think it would be unwise to conjecture too far ahead, but overall I am not pessimistic. As has been said before, a mining finance house should be bold in venture but prudent in finance. We shall do our best.

## TRIBUTE TO THE STAFF

Finally, on your behalf I would like to express to all employees, at home and abroad, great appreciation of their efforts which led to the record year under review.

*The recommended Final Dividend on Ordinary shares was approved and the resolutions for the re-election of Directors, authorising the Directors to fix the remuneration of the Auditors, and amending Article 80 of the Articles of Association, were passed. At the Extraordinary General Meeting the resolutions adopting the additional Article 108 (B), authorising the Board to implement Article 108 (B), amending the Share Incentive Scheme, and granting authority to the Board to issue shares for cash, were passed.*

*Printed in England by Westerham Press Limited*

**THIS DOCUMENT IS IMPORTANT. If you are in any doubt about the action to be taken you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other professional adviser immediately.**

**AR45**

# Consolidated Gold Fields Limited

*Registered in England No.* 36936

Registered Office
49 MOORGATE
LONDON EC2R 6BQ

*25 October 1974*

**To Ordinary shareholders**
**and, for information only, to Preference shareholders.**

Dear Shareholder,

## SHARES IN LIEU OF CASH DIVIDEND

## AND

## AUTHORITY TO ISSUE FURTHER SHARES

On 8 October in the preliminary announcement of the Company's results for the year ended 30 June 1974, it was stated that a final dividend on the Ordinary share capital of 3·4085p per share would be recommended. Your Directors now propose that, as announced, shareholders should be offered the opportunity of receiving new Ordinary shares of approximately equivalent value instead of a cash dividend if they so wish.

As a separate proposal, your Directors are seeking limited authority to issue further Ordinary shares for cash, without the necessity of offering them to existing Ordinary shareholders.

Full details of both these proposals, which are to be considered at an Extraordinary General Meeting to be held on 19 November 1974, are given overleaf.

Your Directors consider that these proposals are in the interests of the Company and its shareholders and **recommend you to vote in favour of the resolutions set out in the notice of the Extraordinary General Meeting attached, by completing and returning the enclosed form of proxy.**

Yours faithfully,

DONALD McCALL,
*Chairman*

# SHARES IN LIEU OF CASH DIVIDEND

It is proposed that Ordinary shareholders be given the opportunity of electing to receive Ordinary shares in lieu of the final cash dividend for the year ended 30 June 1974, on the basis of one new Ordinary share for every 50·6249 shares held at the close of business on 1 November 1974, the record date on which shareholders have to be on the register to qualify for the dividend, provided that such election is made in respect of a holding of not less than 51 shares. The terms for the proposed issue have been calculated on the basis of a price per Ordinary share of 172·5549p. This represents a price equivalent to the average of the middle market quotations for an Ordinary share of the Company as shown by The Stock Exchange Daily Official List for the five business days immediately following 8 October 1974 (the day the dividend was announced), adjusted to take account of the dividend content. On the basis of this price one new Ordinary share for every 50·6249 shares held is approximately equivalent to the value of the cash dividend which, if approved by shareholders, would otherwise have been paid.

All Ordinary shareholders on the register at the close of business on 1 November 1974 (except holders of fewer than 51 shares) will be entitled to give notice, for the whole or any part of their holding, that they wish to receive new shares by way of scrip. A similar notice may also be given by holders of share warrants to bearer. It should, however, be explained that the new Ordinary shares to be issued in lieu of the cash dividend will be available only in registered form.

**Fractions of new shares will be ignored. Accordingly, in order to receive new shares which are approximately equal in value to the amount of the dividend forgone, and to be paid the cash dividend in respect of any balance of your holding, you must make the necessary election in respect of the nearest whole number of shares above 50·6249 or above a multiple of that figure.**

If all Ordinary shareholders accept the cash dividend, the total cost to the Company, excluding the amount payable to the Inland Revenue by way of Advance Corporation Tax (£1,802,170) and the supplement thereon (£901,085), would be £3,658,950. On the other hand, if all Ordinary shareholders were to accept the share alternative, the total number of new Ordinary shares of 25p each required to be issued by the Company (if the size of individual holdings is ignored), would be 2,120,574 thereby increasing the Company's issued Ordinary share capital by £530,143 (1·975 per cent.).

## Advantages of the Proposal

*For Ordinary shareholders*

So far as many Ordinary shareholders are concerned, your Directors believe that the opportunity to receive shares in lieu of the cash dividend will be attractive.

Your Directors have been advised that, under current legislation, shareholders who receive fully paid shares in lieu of the cash dividend will not be liable (unless they are dealers in securities) to any United Kingdom taxation in respect of the receipt of the shares. However, a liability to capital gains tax may arise on the ultimate disposal of the shares which, as in the case of a normal capitalisation issue, will be treated as an addition to the existing holding at nil consideration. The decision as to whether or not to elect for shares is your own responsibility and the taxation and other implications (e.g. if you hold shares as a trustee) depend on your personal position. If you are in doubt on that score, you should consult your professional adviser immediately. The position of shareholders resident overseas will, of course, vary according to the legislation of the country in which they live.

*For your Company*

Your Company will benefit from an improved cash flow arising from:—

(1) the retention, within the business, of the cash which would otherwise have been paid out as dividends. This cash is then available for current use or for reducing borrowings; and

(2) the reduced liability to Advance Corporation Tax which, taking account of the supplement payable this year, is equal to approximately three-quarters of the cash dividend which would otherwise have been payable. Whilst the Company's eventual tax liability will not necessarily be decreased overall, there will be a deferment in payment of it.

## Approval of Shareholders

You will find on page 5 notice of an Extraordinary General Meeting to be held on Tuesday 19 November 1974, immediately following the Annual General Meeting, at which Special and Ordinary Resolutions will be submitted to deal with the scrip dividend proposals.

# Consolidated Gold Fields Limited

## NOTICE OF EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting of the Company will be held at THE CHARTERED INSURANCE INSTITUTE, 20 ALDERMANBURY, LONDON, E.C.2, ON TUESDAY, 19 NOVEMBER 1974 AT 12 noon (or so soon thereafter as the Annual General Meeting of the Company to be held in the same place on the same day at 11.30 a.m. shall have been concluded or adjourned), for the purpose of considering and, if thought fit, passing the following Resolutions of which that numbered 1 will be proposed as a SPECIAL RESOLUTION and those numbered 2, 3 and 4 as ORDINARY RESOLUTIONS:

### SPECIAL RESOLUTION

1. THAT the Company's Articles of Association be altered by renumbering the existing Article 108 as 108(A) and by the addition of the following new Article 108(B) namely:

"108(B) (1) The Board may at their discretion and subject to the provisions of this Article decide (at the same time as they resolve to pay or to recommend any dividend on the Ordinary Shares) that each holder of Ordinary Shares to the extent that his Ordinary Shares are fully paid shall have the option to elect to forgo his right to share in such dividend and to receive instead an issue of Ordinary Shares credited as fully paid to the extent and within the limits and on the terms and conditions set out below.

(2) If the Board resolve to allow such option in relation to any dividend, each holder of fully paid Ordinary Shares conferring a right to share in such dividend may, by notice in writing to the Company (hereinafter called a "Notice of Election"), given in such form and within such period as the Board may from time to time decide, elect to forgo (subject to the provisions of paragraph (3) of this Article) the dividend which otherwise would have been paid to him on such of his Ordinary Shares conferring a right to share in such dividend as he shall specify in the Notice of Election and to receive in lieu Ordinary Shares, to be allotted and issued to him credited as fully paid, so that the number of such Shares so allotted and issued shall be the whole number next below the sum calculated by the formula $\frac{S \times D}{P}$ where:—

S equals the number of Ordinary Shares in respect of which such election has been made;

D equals the amount of the dividend, without tax credit, payable on one such Ordinary Share as if no such election had been made (expressed in terms of pence and fractions of a penny) less the amount of such dividend (if any) per Ordinary Share which the Board have (pursuant to paragraph (3) of this Article) resolved that the holders of such Ordinary Shares shall not be permitted to forgo; and

P equals the average of the middle market quotations for one fully paid registered Ordinary Share (expressed in terms of pence and fractions of a penny) as shown in the Daily Official List published by The Stock Exchange in London for the five business days immediately following the day on which the Board announce an intention to pay or resolve to recommend any dividend on the Ordinary Shares after deducting, where such prices include the amount of the dividend to be forgone, the amount of such dividend to be forgone.

(3) A shareholder entitled to elect as aforesaid shall not be permitted to forgo under the provisions of paragraph (2) of this Article such amount of dividend per share as the Board in their sole discretion may resolve shall not be forgone.

(4) Following the receipt of a duly completed Notice or Notices of Election pursuant to paragraph (2) of this Article the Board shall appropriate from the undistributed profits or reserves of the Company an amount equal to the aggregate nominal amount of the Ordinary Shares to be allotted credited as fully paid to those holders of Ordinary Shares who have given Notices of Election and shall capitalise such amount and apply the same in paying up in full the number of Ordinary Shares required to be allotted. The Ordinary Shares so allotted and issued will rank *pari passu* with the existing fully paid Ordinary Shares and will rank for all dividends on Ordinary Shares declared after the date of such allotment.

The Special Resolution amends the Articles of Association of the Company to permit Ordinary shareholders to elect for shares in lieu of a cash dividend. This right of election will be made available at the discretion of your Directors but will be subject to prior annual approval by Ordinary Resolution. The number of new Ordinary shares to which a shareholder will be entitled if he makes the election will be determined by an equivalent method to that used in respect of the final dividend for the year ended 30 June 1974.

An Ordinary Resolution (No. 2) permits the Directors to exercise their discretion in respect of the final dividend for the year ended 30 June 1974 and any interim dividend in respect of the year ending 30 June 1975.

It will be seen from the Special Resolution that the Board may resolve that some part of a dividend may not be the subject of an election. This is necessary in order to maintain wider-range investment status for the Company's shares under the Trustee Investments Act 1961. Since an interim dividend has already been paid in the present calendar year, the right of election will be exercisable in respect of the whole of the forthcoming final dividend.

It is also necessary to amend by Ordinary Resolution your Company's share incentive scheme to ensure that the issue of new Ordinary shares in lieu of cash dividends does not result in the issue of further shares to holders of shares issued under that scheme. This resolution is numbered 3 in the notice of Meeting.

## How to Exercise the Election

### *Registered Shareholders*

If you wish to receive Ordinary shares in respect of the whole or any part of your holding (being not less than 51 shares) registered in your name at the close of business on 1 November 1974 you should complete the enclosed Form of Election in accordance with the instructions printed thereon and return it to Lloyds Bank Limited, Registrar's Department, The Causeway, Goring-by-Sea, Worthing, West Sussex BN12 4BR **so as to arrive not later than 3 p.m. on Friday 15 November 1974.** To the extent that you elect to receive Ordinary shares, you will of course not receive a cash dividend.

IF YOU WISH TO RECEIVE THE DIVIDEND IN CASH ON THE WHOLE OF YOUR HOLDING, YOU SHOULD NEITHER COMPLETE NOR RETURN THE ENCLOSED FORM OF ELECTION.

If you do not specify in the Form of Election the number of Ordinary shares in respect of which you wish to receive an issue of shares instead of the cash dividend or if you elect to receive an issue of shares in respect of a greater number of Ordinary shares than the number registered in your name at the close of business on 1 November 1974, then, in either case you will be deemed to have elected to receive an issue of shares in respect of such of the Ordinary shares registered in your name at the close of business on 1 November 1974 as represents the highest possible multiple of 50·6249, rounded up to the nearest whole number.

### *Share Warrants to Bearer*

Holders of share warrants to bearer who wish to receive **registered** Ordinary shares in lieu of the cash dividend should complete a special Form of Election and send it, together with Coupon(s) No. 114 and a listing form, through an authorised depositary to Lloyds Bank Limited in Worthing, to arrive not later than 3 p.m. on Friday, 15 November, 1974.

The relative listing forms and Forms of Election, together with copies of this Circular Letter, may be obtained from:

Midland Bank Limited, New Issue Department, P.O. Box 518,
Austin Friars House, Austin Friars, London, EC2P 2HU,

Lloyds Bank International (France) Limited,
43 Boulevard des Capucines, 75002 Paris, France,

and Union Bank of Switzerland, 8021 Zurich, 45 Bahnhofstrasse, Switzerland.

### Delivery and Listing of New Shares

Subject to the passing of the relevant resolutions to be proposed at the Extraordinary General Meeting, application will be made to the Council of The Stock Exchange for admission of the new Ordinary shares to the Official List and to the Committee of the Johannesburg Stock Exchange for a primary listing of the Ordinary shares. Applications will also be made in due course for listings of the new shares in other centres where the Company's shares are listed. The new Ordinary shares will on issue rank *pari passu* with the existing fully paid Ordinary shares except that they will not rank for the final dividend in respect of the year ended 30 June 1974.

Subject to admission to the Official List in London, definitive share certificates for the new Ordinary shares will be posted to the persons entitled thereto at their risk on 13 December 1974. Dealings in the new Ordinary shares will begin on 16 December 1974.

## AUTHORITY TO ISSUE FURTHER SHARES

Your Company's Ordinary shares are dealt in on stock exchanges in France, Switzerland and Germany as well as London and Johannesburg. Consideration is now being given to the possibility of applying for registration with the Securities and Exchange Commission in the U.S.A.

If it is decided to make such an application, and this were granted, your Directors consider that, subject to market and other economic conditions at the time, it may be advantageous to make an issue of new Ordinary shares for cash in the U.S.A. In order to enable your Directors to do this, it is appropriate that they should be so empowered at the Extraordinary General Meeting, which would avoid convening another Meeting especially for that purpose.

A resolution (No. 4) will accordingly be proposed authorising the Directors to issue for cash Ordinary shares not exceeding in nominal value 5 per cent. of the total nominal value of the present issued Ordinary share capital, without the necessity of offering them to the Ordinary shareholders. This authority will be valid until the date of the Annual General Meeting to be held in 1975.

### Proxy forms

**A form of proxy** for the Extraordinary General Meeting is enclosed, and should be completed and returned to Lloyds Bank Limited, Registrar's Department as soon as possible, but in any event should arrive not less than 48 hours before the time fixed for the meeting. Completion and return of the proxy will not, however, preclude you from attending the meeting, should you so wish.

Further copies of this letter and/or Forms of Election may be obtained from Lloyds Bank Limited, Registrar's Department, The Causeway, Goring-by-Sea, Worthing, West Sussex BN12 6DA at any time during usual business hours on any weekday (Saturdays excepted) up to and including Friday 15 November 1974.

(5) The Board shall not exercise the power conferred on them by paragraph (1) of this Article unless the Company shall then have sufficient unissued shares capable of issue as Ordinary Shares and sufficient undistributed profits or reserves to give effect to any elections which could be made under the terms of this Article.

(6) The Board shall not exercise the power conferred on them by paragraph (1) of this Article in respect of any dividend payment which they resolve to make or recommend during any period commencing with the day following the conclusion of any Annual General Meeting and terminating on the day preceding the commencement of the next following Annual General Meeting unless the Company shall by Ordinary Resolution passed at a General Meeting immediately preceding such period have approved the use of that power in respect of any such payment or recommendation by the Board in such period.

(7) The powers given to the Board by this Article are additional to the provisions for capitalisation of profits provided for by Article 119."

## Ordinary Resolutions

2. THAT subject to the passing of Resolution 1 above, the exercise by the Board of the power conferred on them by paragraph (1) of Article 108(B) in respect of:

(a) the recommended final dividend for the year ended 30 June 1974; and

(b) any interim dividend or dividends declared in respect of the year ending 30 June 1975 shall be a valid exercise of such power in respect of such dividends.

3. THAT the Gold Fields' Share Incentive Scheme adopted by a Special Resolution of the Company passed on 23 November 1971 be amended by the insertion after the word "Company" in Clause 6(2) of the words "(other than any issue of Ordinary Shares by way of capitalisation of undistributed profits or reserves of the Company (including share premium account) to holders of the Company's Ordinary Shares who elect to receive the same in place of the whole or any part of any dividend to which they would otherwise become entitled)".

4. THAT until the date of the Annual General Meeting of the Company to be held in 1975 the Board be authorised to issue from time to time for cash, without the same being offered to the Ordinary Shareholders, such number of Ordinary Shares of 25p each in the capital of the Company not exceeding, in the aggregate, a number equivalent to 5 per cent. of the Ordinary Shares at present in issue and on such terms as they shall determine.

By Order of the Board

J. R. Stewardson

*Secretary*

25 *October* 1974

49 Moorgate

London EC2R 6BQ

Notes:

(1) Only holders of fully paid Ordinary shares, or their duly appointed representatives, are entitled to attend and vote at the meeting. A member so entitled may appoint a proxy, who need not be a member, to attend and vote on his behalf.

(2) Holders of share warrants to bearer who wish to be present or represented at the meeting may obtain the necessary information regarding the formalities to be complied with from the registered office of the Company.



Eden Fisher & Co. Ltd., London, England C31422